# INTERNATIONAL CTIDUITE. Herald

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# BELFAST TALKS — Sinn Fein's delegation leaving the Stormont Parliament on Friday after their first meeting with British officials. From left: Sean Gerry Kelly. Both delegations described the historic session as useful. Page 2. Pope Backs Women's Right to Active Public Life

By Alan Cowell

ROME — Often the target of feminist criticism, Pope John Paul II issued an endorsement on Friday of the advancement of women and urged women to take a lead in promoting peace.

In a message to celebrate World Peace Day on Jan. 1, however, be qualified his remarks by saying that the role of women within the family was "unique" and that their presence in public life should not detract from it.

The pronouncement reflected the uneasy relationship between the Vatican and women opposed to its thinking on issues such as its rejection of the ordination of women

In Surprise,

**Quits Post** 

Telekom Chief

By Brandon Mitchener

Germany's huge state telephone mo-

nopoly, Helmut Ricke, surprised

Bonn on Friday by announcing his

intention to resign Jan. 1, the same

day the company begins its march toward privatization, and even as the

company faces an embarrassing inquiry into employee corruption.

His resignation comes two days after German prosecutors announced that they were conducting a broad investigation into telephone fraud in-

volving employees of Deutsche Bun-

Telekom attributed Mr. Ricke's res-

ignation, just seven months after he had renewed his contract for two

years, to "personal reasons" and said the decision had been reached "a

Telekom vehemently denied that

the resignation had anything to do with an expanding police investiga-tion into telephone fraud.

German police acting on orders from the Cologne prosecutor's office

have raided at least 14 sites across Germany and arrested at least two

Telekom employees charged with

making calls to phone sex agencies in

the Caribbean at Telekom's expense.

fraud in Germany might involve sev-

eral thousand Telekom employees and

cost the company and its customers "as much as half a billion marks" a

"It was a big surprise for his co-

See TELEKOM, Page 4

An industry source said that phone

despost Telekom.

while ago."

rnational Herald Tribune

FRANKFURT - The head of

priests and its resistance to the elevation of religious "But it has been substantially a positive one, even if it is women to the highest offices in the church.

The Pope has also courted the ire of feminist and other groups with his conservative views opposing abortion and artificial means of birth control and with his opinion that women's role within the family is paramount. In his message, however, the Pope seemed to go further

than usual in endorsing the advancement of women in politics and other parts of public life.

Women, the Pope said, have attained "a remarkable degree of self-expression in cultural, social, economic and political life, as well, of course, as in the family."

"The journey has been a difficult and complicated one and, at times, not without its share of mistelles," he told.

still unfinished due to the many obstacles, which, in various parts of the world, still prevent women from being acknowledged, respected and appreciated in their own special dignity.

"Women have a full right to become actively involved in all areas of public life," the message said, "and this right must be affirmed and guaranteed, also, where necessary, by legislation."

But it went on: "This acknowledgement of the public role of women should not bowever detract from their unique role within the family. Here their contribution to the welfare and progress of society, even if its importance

See POPE, Page 4

# A Gaffe Too Many: U.S. Health Chief Out

Compiled by Our Staff From Dispatches
WASHINGTON — President Bill Clinton on Friday dismissed Surgeon General said.

Joycelyn Elders, long a lightning rod for conservative critics because of her statements on drug use and sex.

The White House chief of staff, Leon E. Panetta, said the resignation came after

Dr. Elders, the nation's top public health the latest in a series of shifts by Mr. Clin-official, had said masturbation should be ton and his advisers aimed at closing taught in schools. Mr. Panetta said that Dr. Elders's com-

ment "was just one too many" in a series of controversial remarks and that Mr. Clinton had demanded she resign.

"The president thinks this is not some-thing schools should do." Mr. Panetta

"If she had not resigned, she would have been terminated," he said.

With conservative members of Congress already trying to force ber from office, the decision to let Dr. Elders go appeared to be the latest in a series of shifts by Mr. Clinground with Republicans and quieting their complaints.

Since the Nov. 8 elections, when scores of Democrats were swept from office, Mr. Clinton has issued a high-profile call for

increased defense spending and invited Republicans to a January meeting aimed at reaching agreement on a plan to over-

haul the welfare system.

And to compete with the Republicans' quest to shrink the government, Mr. Clinton's deputies are preparing what they de-scribe as bold budget proposals that call for spending cuts far deeper than the White House had envisioned just five

Dr. Elders's dismissal came after remarks she made on Dec. I at a World AIDS Day conference in New York, when See ELDERS, Page 4

# **Europeans Back Off** On Bosnian Pullout

Allies Fear Withdrawal Would Lead To U.S. Air Strikes and Wider War

By William Drozdiak Washington Past Service

ESSEN, Germany - The European allies backed away Friday from threats to withdraw their peacekeeping forces from Bosnia after realizing that such a step could accelerate efforts by the United States to lift the arms embargo and launch air strikes against rebel Serbs.

After evoking the prospect of a rapid pullout of the 23,000 UN troops in Bosnia earlier this week, France and Britain concluded that such a move might revive what they believe is the disastrous American option of "lift and strike,"

Both nations fear that a pullout would precipitate a major crisis with Russia, a

European Union leaders seek more monev for cross-border transport. Page 4.

wider conflagration in the Balkans and a possibly fatal breach in the Atlantic alliance, senior officials said.

The U.S. secretary of defense, William J. Perry, said Friday in Washington that American participation in any such opera-tion would be a "combat operation" in which U.S. troops would be prepared to use "overwhelming force." (Page 4.)

The reassessment by France and Britain, which maintain the two largest troop contingents serving with the UN force in Bosnia, came as the 12 leaders of European Union governments opened a summit meeting bere in the beart of Germany's rust belt.

Although it was intended to approve a new strategy to embrace former Communist states in central and eastern Europe, the agenda of the meeting has been overtaken by the ominous turn in Europe's bloodiest conflict since World War II.

The European leaders welcomed the Clinton administration's promise to contribute up to half the troops necessary for an evacuation of the UN force. NATO military officials estimate that the total number of soldiers in such a rescue operation could be 20,000 to 25,000, although

But French and British officials said they feared that once the Americans led a possibly perilous mission to extricate the UN peacekeepers, the United States would feel fewer constraints about lifting the arms embargo to help the Bosnian Muslims redress the balance and employing broader, hard-hitting air strikes against rebel Serbs.

The NATO secretary-general, Willy Claes, said Friday in Brussels that the alliance would not take part in future UN operations under the stringent conditions imposed in Bosnia.

In the past, the United States has accepted European arguments that tougher Western action against the Serbs would provoke reprisals against their peacekeep-ers on the ground. The United States has See SUMMIT, Page 4

### **New Partners Jointly End** Ukraine's Nuclear Era

By Jane Perlez
New York Times Service

DNEPROPETROVSK, Ukraine in the heart of one of the former Soviet Union's largest missile factories, rocket scientists who once built nuclear weapons aimed at the United States are destroying them with the help of Americans.

In the main building, a dilapidated brick structure where the portraits of pioneering Soviet space scientists hang like deities, U.S. defense con-tractors work alongside Ukrainian engineers to build a new plant for vaporizing the last drops of rocket fuel from SS-19 missiles.

What American officials are calling unprecedented cooperation at the Yuzhmash plant is a result of nearly three years of coaxing by Washington to persuade Ukraine, the world's third-largest nuclear power, to give up

its weapons.
The Ukrainian Parliament overwhelmingly approved the country's accession to the Nuclear Nonproliferation Treaty in mid-November after a stirring speech by President Leonid M. Kuchma, a rocket engineer who used to be the top manager of the Yuzhmash plant. The vote opened the way for Ukraine to renounce its nucle-

ar status formally.
Here at the factory, 250 miles (400 kilometers) southeast of Kiev, 60-foot aluminum shells from seven SS-19 rockets lie on their sides like giant empty cannisters in a weed-strewn yard. Hauled bere by train from a missile site, they will be the first of 130 SS-19s to be cut up when the complet-

ed plant starts up next year.
To see one's life work end up on the chopping block is hard for men like Gennadi Shevchenko, 57, a ruddyfaced specialist who toiled for years in top secrecy over rocket engines and sateilite systems.

"As an engineer, I feel sorrow," he said. "A lot of brains, a lot of ideas, a lot of life, was put into this. Destroying this is like cutting your heart."
Then he added: "As a citizen, I

understand," John Connell, in charge of strategic arms elimination for the U.S. Defense Nuclear Agency, has come to know his Ukrainian counterparts in meet-

See NUCLEAR, Page 4

### Yeltsin Authorizes 'All Means' Of Force to Subdue Chechens

Compiled by Our Staff From Dispatches
MOSCOW --- President Boris N. Yeltsin authorized the Russian government Friday to use force in the breakaway republic of Chechnya, telling his cabinet to employ "all the means at the state's dispos-

al" against illegal armed groups there.

The authorities in Chechnya ordered schools closed, and residents of Grozny, the capital, frantically built fortifications amid rumors of an imminent assault by Russian troops.

In a decree issued Friday evening, Mr. Yeltsin said unspecified militias in Chechnya were "cansing bloodshed, taking lives and violating the rights of Russian Federation citizens.

He instructed the government to disarm those groups and uphold the law while using "all the means at the state's dispos-

Mr. Yeltsin stopped short of declaring a state of emergency in Chechnya, which declared its independence from Russia in 1991. But though the language of his decree was obscure, the implications were

"The government has various means at its disposal," said Denis Perkin, a Yeltsin spokesman. "There is the Foreign Ministry, the Defense Ministry, the Interior Ministry - all the law-enforcement bodies. The government can use all these means to fulfill the president's instruc-

Mr. Yeltsin's decree, which took effect immediately, was published as the defense minister, General Pavel S. Grachev, left Moscow for the northern Caucasus region, where Chechnya is situated. The main opposition force in Chechnya

said Friday that it would resume combat on Monday to topple the separatist presi-dent, Dzhokar Dudayev, the Russian press agency Itar-Tass reported.

The Moscow-backed opposition was de-See CHECHNYA, Page 4



A Chechen singing Allah's praises Friday in Grozny. Crowds gathered there to organize a defense against any invasion.

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# General's Flight Cost \$120,000, Less \$85 for the Cat

By John F. Harris Washington Post Service.

WASHINGTON - A commercial flight was leaving the next day, but that wasn't soon enough for General Joseph W. Ashy. Instead, the new leader of the U.S. Space Command traveled on an air force C-141 transport jet — which flew him, an aide and the family cat from Italy to Colorado at an estimated cost of at least

General Ashy's flight — on a 200-passenger plane equipped with a luxury cabin and carrying a steward on its crew of 13 - was convenient at the time, but it is big trouble now. After a complaint from Capitol Hill, the Defense Department's acting inspector-general, Derek J. Vander Schaaf, has agreed to investigate the propriety of the flight and whether air force public-affairs personnel were truthful in answering press inquiries about it.

General Ashy, who followed Pentagon regulations by paying an \$85 fare for the cat, declined to comment. A

spokesman at the Space Command in Colorado Springs said General Ashy and his aide considered taking a commercial flight from Rome on Sept. 10, but worried that the schedule would not give him enough time for an eight-hour faith account in Colorado the next day. So the C-141 flight was set for Sept. 9.

General Ashy, a 32-year air force veteran and fighter pilot, did not want to leave earlier because he was still commanding the 16th Air Force in Italy, which included directing air missions over Bosnia.

The flight looks bad, air force officials acknowledged, adding that no regulations were broken. General Ashy, they said, was on a tight schedule and asked an aide to see if any government planes were heading his way. Subordinates went overboard, an air force official said, and an empty C-14I was ordered across the Atlantic.

The C-14I, which costs about \$3,400 an hour to run,

flew from McGuire Air Force Base in New Jersey to Naples, and then back to Colorado. Total flight time was Europe to the United States.

31 hours, officials said, including two midair refuelings, The price tag gave Senator Charles E. Grassley, Republican of Iowa, a case of sticker shock, and he asked Mr. Vander Schaaf to investigate.

In a letter to the inspector-general, the senator said he learned about the incident from the Newsweek militaryaffairs columnist, David Hackworth, a highly decorated retired army colonel who is planning an article about the flight.
Mr. Hackworth is "disturbed by the arrogance that

General Ashy's behavior appears to represent," and

believes that "air force officials have 'repeatedly lied' to him" and an ABC News producer who collaborated with him in investigating the episode, Senator Grassley wrote. The Space Command spokesman said General Ashy had no idea until he got on the flight that a C-141 had been dispatched especially for him, but assumed he would be on a flight that was already traveling from

#### Kiosk .

## **U.S. Curbs ATRs** In Icy Weather

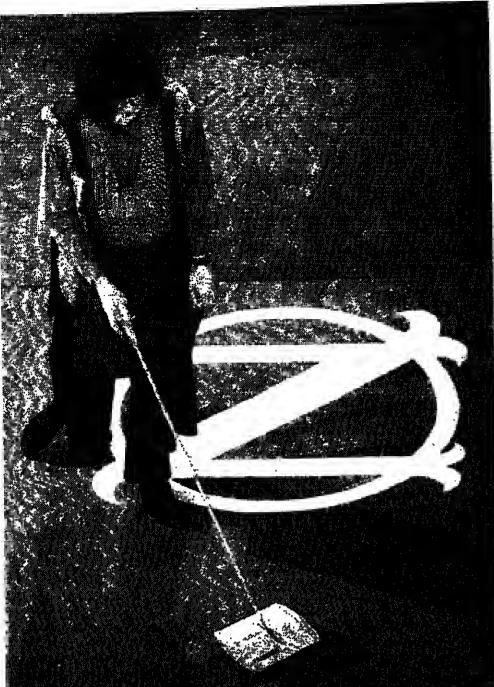
WASHINGTON (AP) - The U.S. government ordered airlines Friday not to fly ATR commuter planes in icy

weather, effective immediately. The ban on the French- and Italianbuilt planes came after the Federal Aviation Administration received new information from the manufacturer that ice could be a hazard under certain conditions, officials said.

Ice was a prime suspect in the crash of an ATR-72 on Oct. 31 in Illinois, killing 68 people.

Book Review

Page 5.



An Oslo City Hall employee sweeping the carpet Friday for the Nobel Prize ceremony.

# A 'Beginning' in Ulster Talks

By James F. Clarity

BELFAST - For the first time since Ireland was partitioned in 1922, representatives of the outlawed Irish Repubbcan Army and the British government faced each other Friday in an officially sanctioned, publicly announced meeting designed to lead eventually to a political settlement in Northern

Ireland The IRA was represented at the three-hour meeting hy officials of its political wing, Sinn Fein; Britain by senior civil ser-

Both sides described the session, held at the Stormont Parliament Buildings, the tradi-tional center of Protestant power in the province, as useful.

They acknowledged that it had been exploratory, discussing an agenda that could lead to Sinn Fein's formal inclusion in broader negotiations with other Northern parties and with the British and Irish governments.

drawal were not discussed in detail, hut they are expected to be. The two sides agreed to continue the talks on Dec. 19, which politicians and analysts said was a positive sign, an indication that the peace effort was surviving domestic political un-certainties in Duhlin and Lon-

"We've made a beginning, said Martin McGuinness, the No. 2 official of Sina Fein, who led its delegation on Friday. "It should have happened long ago. This is a historic opportunity that needs to be built upon."

The senior British official at deputy secretary in the Northern Ireland Office, which runs the province, made no immediate comment. Another official said the talks had been "business-like and constructive."

No new positions were out-lined, and both sides agreed

The issues of the IRA's disar- that old positions did not mament and British troop withmate agreement that would lead

to hroader talks. Essentially, Sinn Fein said it wanted Britain to relinquish sovereignty over the province; Britain made it clear it had no intention of doing this without the consent of the majority, which is likely to remain Protestant for at least another genera-

The meeting was of both symbolic and practical significance. Stormont, on a commanding hill in East Belfast, is the site of the Northern Ireland Assembly that was prorogued when Britain took direct cootrol of Ulster 20 years ago. The the talks, Quentin Thomas, a restoration of the legislature, with the participation of Sin Fein and improved representatioo for the province's Catholic minority, is one of the principal

goals of the peace effort. IRA leaders, including Mr. McGuinness, bad met with British officials in the past. But those meetings, as recently as early in 1993, had been secret or unofficial or only quasi-official, had dealt with short-term objectives such as cease-fires, and were not aimed at bringing Republicans peacefully into the political life of the province, as was the meeting on Friday.

#### 9 Injured on Japanese Plane

Agence France-Presse TOKYO - Six passengers and three crew members oo a. Japan Air System Airbus were injured Friday when the airplane, with 154 aboard, enconotered turbulence, the Transport Ministry said. The injured, who suffered bruises and cuts, were hospitalized after the domestic airplane landed at Tokyo's Haneda airport.



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# 3 Laureates in Oslo for Award But in Mideast, People Ask, 'What Peace?'

By Clyde Haberman

Palestinian leaders flew off on Friday to pick up their shared Nobel Peace Prize in Oslo, where they are likely to find the political climate considerably be away from home. warmer than what they left be-

Their departures for the Nobel ceremony on Saturday said a lot about the balance of pow-

Prime Minister Yitzhak Rabin and Foreign Minister Shimon Peres of Israel went to Norway on an Israeli military plane, accompanied by an entourage of 100 guests, aides and

force, left his self-rule headquarters in the Gaza Strip, drove into Egypt and then boarded a small jet provided by

the Norwegian government.
"We're not rich like the Israeli government," Mr. Arafat said teasingly on Thursday, casting himself, with Mr. Peres at his side in Gaza, as the poor country cousin of the Oslo extrava-

But even if their travel arrangements were unequal, the recipients had a lot more in common than the Peace Prize, the first one awarded to more than two people since the Nobel

honors began in 1901. In gamblers' parlance, none of them is on a roll. Mr. Arafat has been politically clobbered in Gaza, where the intifada began seven years

ago Friday.
Foreign aid has been slow to arrive and his self-rule government is struggling, beset by a strong Islamic resistance and a cascade of criticism from Palestinians questioning his competence, his commitment to democracy and his ability to make the transition from revolution-

ary to governor. Moreover, many Palestinians doubt that the Nobel award by itself can turn things around for him, especially since people in Gaza and the West Bank have

little affection for the prize. The last Middle Eastern winoers were Prime Minister Menachem Begin of Israel and President Anwar Sadat of Egypt, in 1978, when they signed the Camp David accords. To Palestinians, those agreements were a sellout of their interests.

"The Nobel Prize is not important in Palestinian coosciousness because some who received it in the past were not

seen by our people as peace-makers," said Ghassan Khattib, they have dwelt on their climb-New York Times Service makers," said Ghassan Khattib, a former Palestinian peace negotiator and lecturer at Bir Zeit University in the West Bank.

Mr. Peres may find it a relief to of its value in 1994, peace or no

They are routinely lionized overseas as men of vision and daring for trying to create a new order for Israelis and Palestinians. But in Israel, where people tend to see the glass as half empty, they and their Labor Party could not be walking a rockier road.

Opinion polls suggest that if elections were held today, Mr. Rabin would lose to Benjamin Netanyahu, leader of the right-Yasser Arafat, who does not ist Likud party and an oppo-have a plane let alone an air nent of Israel's self-rule agreement with Mr. Arafat.

Instead of rejoicing in their peace treaty with Jordan and new contacts with other Arab states, Israelis worry more about a steady wave of terrorist attacks by Islamic radicals from the territories.

Instead of celebrating a sharp

#### **Security Scare** As Peres Falls On Oslo Rails

OSLO — Foreign Minis-ter Shimon Peres of Israel provoked a security scare in Oslo on Friday when he slipped on a tram track as he walked in the street and

fell, cutting his eye.
Mr. Peres and Prime
Minister Yitzhak Rabin of Israel, in Oslo to receive the Nobel Peace Prize jointly with the PLO leader, Yasser Arafat, were walking to their hotel after attending a service at the city's synagogue.

The Jewish Sahbatb, which lasts from sunset Friday until sunset Saturday, barred them from using cars on their way back.

As Mr. Peres fell, members of an 800-member security force guarding the leaders shouted: "Don't move! Don't move!" while they scanned the area for possible attackers.

The minister, helped to his feet by bodyguards, was bleeding from a cut over his right eye but cootinued on

ing inflation rate, now 15 percent, on an unpopular new capital-gains tax and on a stock For their part, Mr. Rabin and market that has lost 40 percent

A few months ago, Mr. Rabin's party lost control of the giant labor federation, Histadrut. Frantic Labor Party leaders, smelling possible disaster in the 1996 elections, have begun squabbling among themselves, so fiercely that one member of Parliament, Avraham Burg, warned this past week that the party was a footstep away

from the abyss." At a Labor cancus the other day, a lawmaker named Shlomo Buhbut pleaded with Mr. Rabin not to go to Oslo. "Yitzhak, the house is on fire," he said. "Stay in Israel, and we'll put it out."

Many other Israelis also wanted their government lead-ers to stick close to home, because they were appalled that the Nobel Peace Prize was being shared with Mr. Arafat, whose terrorist past is hardly

Two polls this past week showed that only a minority of Israelis wanted Mr. Rabin and Mr. Peres to go to the ceremo-

In Oslo, where the police are on full alert, protest demonstra-tions have been held, as they have in Israel, where critics point to the continuing violence and ask: What peace?

 Syria Agrees to U.S. Talks Syria repeated its refusal on Friday to hold secret talks with

Israel, but said it had agreed to "exchange ideas" with the Israelis in Washington with the participation of the United States, Renters reported. The Syrian foreign minister, Farouk Shara, said in Lebanon,

that meetings between the Syrian and Israeli sides to exchange ideas take place in Washing-He added that "knots" in the Israeli-Syrian negotiations "could be unraveled," paving

"Syria agreed to the proposal

the way for the continuation of negotiations on the Syrian and Lebanese tracks with Israel." Three years of U.S.-brokered peace talks between Syria and Israel are deadlocked over the extent of an Israeli withdrawal from the Golan Heights.

Lebanon's talks with Israel, which occupies a 13-kilometer (9-mile) strip on the Lebanese border, are also bogged down.

# WORLD BRIEFS

THE TIME

# SWAPO Dominating Namibia Vote

WINDHOEK, Namibia (Reuters) — President Sam Nujoma and his governing South-West Africa People's Organization, or SWAPO, swept into the lead in general elections, taking 9 out of the first 10 constituencies announced on Friday by electoral

In two constituencies, his sole rival in the presidential race, Mishake Muyongo, of the opposition Democratic Turnhalle Alliance, received only 86 votes to Mr. Nujoma's 8,860.

In Arandis, near Swakopmund on the Atlantic coast, electoral officials said Mr. Nujoma had won 3,212 votes, compared with 493 for Mr. Muyongo, whose party had so far taken only one seat. Final results are not expected until early next week, although Mr. Nujoma and his party, in power since independence from South Africa in 1990, are expected to win a large majority.

### Mozambican Sworn In, Rival Attends

MAPUTO, Mozambique (AP) — President Joaquim Chissano took his oath of office Friday as the first leader of a democratic

Mozambique emerging from nearly two decades of war.

Addressing an audience that included his bitter wartime rival, Afonso Dhlakama, of the Mozambican National Resistance Movement, Mr. Chissano pledged to rehabilitate the country...

There is no force that can destroy the unity of Mozambicans," he

Mr. Chissano, who had presided over a one-party state, won the country's first multiparty elections in October. Mr. Dhlakama came in second and will lead the parliamentary opposition. Nelson Mandela of South Africa, Robert Mugabe of Zimbabwe and José Eduardo dos Santos of Angola attended the ceremony, held in sweltering heat in the capital's Independence Square.

### India Leader Faces Revolt Over Losses:

NEW DELHI (Reuters) - Prime Minister P.V. Narasunha Rao's Congress (I) Party was heading for a major crisis Friday after opposition groups looked set to sweep state assembly elections in at least three of four states.

As vote-counting proceeded, the party appeared to be headed for a hyperitating defeat at the heads of the regional Telegraphy.

for a humiliating defeat at the hands of the regional Telugu Desains Party in Andhra Pradesh, Mr. Rao's home state. His opponents in the Congress (I) Party said they were meeting to decide whether to seek a change in the party leadership, and opposition parties said they might move a no-confidence motion against Mr. Rao in the current session of Parliament.

Congress (I) was also losing in Karnataka state, where the centrist Janata Dal was emerging as a clear winner, and in the border state of Sikkim. In the western state of Goa, Congress (I)—was in a close race with an alliance led by the Hindu nationalist Bharatiya Janata Party.

### U.S. Seeks Better Ties With Lebanon

BEIRUT (Reuters) — The United States, apparently in a change in policy toward Lebanon, said Friday that it wanted to improve relations with the Middle Eastern country "on all levels".

"We want to see the ties between the United States and Lebanon in the control of the contro

Lebanon improve and increase on all levels," Robert H. Pelletrean.

Jr., assistant secretary of state for Middle Eastern affairs, saidafter talks with President Elias Hrawi.

He comments followed several months during which Secretary.
of State Warren M. Christopher and other American officials angered Lebanese officials by ignoring the country during their peacemaking visits to the region. Also, The U.S. Import-Export-Bank—a government agency—last week quietly resumed loan operations to Lebanon's public and private sectors.

#### Paris Shifts 2 Police Investigators

PARIS (Reuters) - Two senior French policemen in charge of financial investigations are to be transferred to other jobs, one of them becoming head of the fight against the Basque separatist guerrilla group ETA, officials said Friday.

Yves Lucet, national head of financial investigations, is in.

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become chief inspector of police services. Patrick Riou, head of financial investigations in Paris, will be the Paris-based coordina-

tor of operations against ETA.

Interior Ministry officials said the moves, effective early next year, had long been planned. They dismissed speculation that they could be an attempt to stifle a series of probes into political corruption scandals. One police official pointed out that magistrates, rather than police chiefs, control investigations.

#### **Berlusconi to Meet With Prosecutors**

ROME (AP) — Prime Minister Silvio Berlusconi will meet with prosecutors Tuesday in their investigation of his Fininvest media conglomerate, news reports said.

Milan prosecutors informed him on Nov. 22 that he was a.

suspect in their inquiry of alleged payoffs by Fininvest officials to tax inspectors. He was asked to appear for questioning. Mr. Berlusconi, who was in Germany for a European Union meeting, said that prosecutors had confirmed an appointment for Tuesday, the AGI news agency said.

The prime minister has dealed any wrongdoing and has alleged that the prosecution was politically motivated.

#### For the Record

A mortar bomb wounded five Indian peacekeepers in Somalia, and the last Indian troops prepared on Friday to complete their pullout from the southern port of Kismayu. (Reuters) Suspected Muslim militants shot dead two police guards near a

train station in the southern Egyptian town of Mallawi on Friday, security sources said.

#### TRAVEL UPDATE

#### Fire at the Eurotunnel Shuttle Train

FOLKESTONE, England (AFP) - A car caught fire on Friday. as it was being loaded onto a shuttle train in the Channel Tunnel at the Folkestone terminal, according to the owner, Eurotunnel, in irre fighters rapidly put out the hlaze, which did not cause any injury, allowing service to resume promptly after the "immediate" application of standard security measures, a spokesman said. . . Eurotunnel is still awaiting authorization from a French-British

intergovernmental commission to allow private cars to travel on the shuttle. Currently, only company stockholders, journalists and tourist operator representatives are allowed on.

British Airways is expanding its service from London to Cape. Town from two to three flights weekly starting in April. (AFP) Stiff new Spanish controls on the border with Gibraltar have, stirred fears that Spain plans to close the border, according to Ernest Montado, Gibraltar's senior civil servant. (Reuters),

All Nippon Airways said it would begin scheduled services jointly with Eva Air, a member of the Evergreen group of Taiwan, between Taipei and Fukuoka, Japan, beginning Dec 12. (AFX)





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### **TOPICS** On Road, Drowsiness

**AMERICAN** 

# Is as Deadly as Drink

Drowsy drivers may cause as many accidents as drunken drivers — 30 percent of fatal crashes in one study. At least one American driver in every 20 has caused an accident by oodding off at the wheel, sleep researchers say. Don't blame boring high-

ways and long drives for drowsing and driving, said Thomas Roth, a researcher at Henry Ford Hospital in Detroit. Instead, he said, blame a stuhborn unwillingness to submit to slumber and a lifestyle with inadequate time for

"The dangerous driver is the one who is sleepy, but won't admit it." Dr. Roth said. This is showing up as thousands of automobile accidents and deaths, he said.

Allan I. Pack of the National Institutes of Health said a New York State study showed that sleepiness was a factor in 82 percent of acci-dents in which the vehicle left the roadway. In another survey, 20 per-

cent of U.S. drivers admitted that they bad fallen askeep at some time while driving. There are 1.3 million single-vehicle crashes each year

in the United States, said Dr.

Pack. In two-thirds of the ac-

cidents, the driver made no

1-800-624-1000 (Outside of Cairo, diel 02 first.

sleepy at the wheel? Caffeine is not the solution, the experts say; instead, pull over and

attempt to brake or steer back

Short Takes

onto the road.

Infant mortality in the United States reached an all-time low last year, according to the National Center for Health Statistics. The rate fell to 8.3 deaths per 1,000 live births in 1993, a decline from 8.5 deaths per 1,000 the year be-

Thanks in large part to the popularity of microwave popcorn, sales of unpopped popcorn bave nearly doubled in the past decade, from 611 million pounds (about 280 million kilograms) in 1982 to 1.16 billion pounds last year, The Washington Post reports. Americans consume no less than 73 quarts of popcorn per person per year — salted, buttered or caramcled. Twothirds is consumed at bome and much of the rest at ballparks and movie theaters.

A skier lost in a Sierra blizzard near Squaw Valley, Cali-, fornia, remembered his Boy Scout training and survived. Alan Austin, 45, said that when he was caught in freezing temperatures, driving snow and a whiteout, "I figured I was in pretty big trou-ble, so I built a snow cave." He said he recalled his Boy Scout instructions: Stay in one place, find a snow drift

line the walls with tree limbs. And wait. When rescuers found him two days later be had suffered only mild frostbite on his fingers and toes. Parents can use a new device called Time Slot to dolc

under a tree, huild a cave and

out a limited number of bours for watching television and playing video games. Each family member is issued an individual card, which is passed through a slot to buy tube time. In addition to monitoring how long the TV is used, the device priced at \$149.95, cao be programmed to block out particular vicwing time such as latenight hours. It is sold in department stores, specialty shops and toy stores. One satisfied customer wrote: "I love it. The kids hate it." Michigan law prohibits the

courts from enforcing collec-

tion of gambling debts, an appeals court in Detroit said in ruling that a collection agency could not force a Michigan man to pay a \$5,000 debt to a Las Vegas casino. International Recovery had gone to court to force John H. Gabler, 47, to pay a 1986 debt to the Sands Hotel and Casino that now stands at \$10,770 with interest. A Sands vice president, Shelley Berkley, said the ruling could hurt visitors to casinos who want to gamble on credit. International Recovery is considering an appeal, its attor-ney, Keith Nathanson, said Gambling is illegal in Michigan, except on tribal lands.

International Herald Tribune

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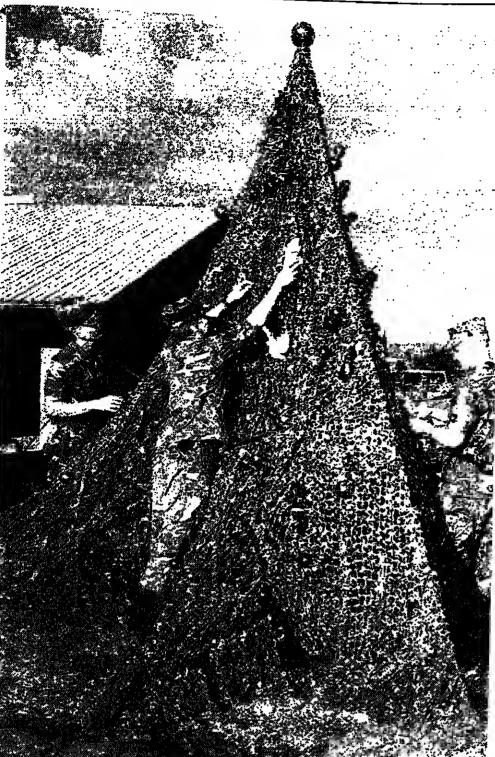
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CHRISTMAS CAMOUFLAGE — U.S. military policemen trimming the "tree" they have set up with camouflage netting outside their camp in Port-au-Prince, Haiti.

# Canal Boats Hunt for Cubans

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NUEVO EMPERADOR, Panama - Police scers searched the jungle and military speedboats patrolled the Panama Canal on Friday, hunting for Cubans who escaped refugee camps in riots that left 236 U.S. soldiers wounded. A total of 30 refugees were unaccounted for of

about 1,000 who escaped during the rioting.
The riots broke out Wednesday when refugees. permanent homes, threw rocks at U.S. soldiers. The melce was brought under control on Thursday. At least 17 Cubans also were injured.

It was the worst outbreak of violence since President Bill Clinton ordered U.S. warships to muddy canal were caught by policemen. intercept Cuban refugees at sea in August. About 8,500 refugees have been held at camps in Panama under U.S. supervision since September.
More than twice that many are detained at the U.S. naval base at Guantánamo Bay, Cuba.

Vice President Al Gore said the riots would not force any changes in U.S. immigration

"We're taking a lot of steps, including actively seeking third countries for them to go to," Mr. Gore said in a broadcast interview on Thursday. "We are also actively reviewing humanitarian and hardship cases," he said, adding that "we are improving the conditions there."

ce helped U.S. soldiers search for the missing Cubans. Troops set up road.

House and Senate have already

Budget Office did not believe it blocks around the four camps, 12 miles (20 stated they intend to do major would save much money, and

A military spokesman said tear gas was used at sending to Congress in Febru- manufacturing and maintainone camp to quell rioting. He said about 1,000 ary. troops were summoned to restore calm and were welding together large sections of barbed-wire shaken up its hudget process to produce what officials describe though, that "things that could not bave been possible two

**■ White Bronco for Sale?** 

The white Ford Bronco seen

on televisions around the world last June as Mr. Simpson's friend Al Cowlings drove him

along Los Angeles freeways

chased by the police may soon be up for sale, Reuters reported

from Los Angeles.

Pentagon to Slash \$7.7 Billion in Arms Programs WASHINGTON — The pare plans to cancel or delay as savings of \$2.1 hillion, revamp the army's Comanche helicop-Pentagon announced Friday weapons systems in developthat it would cut \$7.7 hillion in ment. President Clinton's annew weapons programs over the

next six years to help pay for the necessary cuts. increased salaries and improved living conditions for American

add \$25 billion to the military's budget through 2001, the action reflects an effort by the admin-

istration to increase military readiness and to support mili-tary personnel at the expense of modernizing its arsenal.

The administration's deci-

sion to shift money into readi-

ness from hardware also under-

scores the efforts by the White

House to bluni criticisms from Republican legislators that forces are stretched too thin.

The Pentagon conceded last month that three army divisions

We believe that these ad-

justments are acceptable," De-

fense Secretary William J. Perry

said, "they protect our technol-ogy hase, and they allow impor-tant force modernization pro-

grams to continue at a rate that we can afford and they do pro-

vide the necessary savings which help us increase funding

In a widely publicized memo-

randum last August, Deputy Defense Secretary John M.

Deutch ordered the army, the

navy and the air force to pre-

were below peak readiness.

"Stealth" missile system at a ing \$1.5 billion. Coupled with President Bill Clinton's decision last week to

prototypes at a savings of \$2.1 nouncement reduced the size of hillion, huild two fewer navy destroyers to save \$1.5 hillion Under the plan, the military and delay procurement of attack summarines for a year, sav-

■ Personnel Cuts

have announced personnel reductions that will cut tens of thousands from the military's uniformed and civilian ranks reported from Washington.

The army will go from 12 to 10 active-duty divisions and cut The army and the air force thousands more positions from the support ranks for a net reduction of about 10 percent over the next 19 months. The over the next two years, Reuters 74,000-man force in Germany hy about 10,000.

#### **Turning Up Heat on Gingrich**

WASHINGTON - The secondranking Democrat in the House has called for appointment of an outside counsel to investigate whether the next speaker of the House, Newt Gingrich. Republican of Georgia, has violated House ethics rules and federal tax codes with his network of political organiza-

The allegations, already under review by the House ethics committee, suggest that the House Republican leader used funds and organizations that were designated as nonpartisan to recruit, fund and train Republican candidates and party activists.

With the multitude of unanswered questions, ethical allegations and serious conflicts of interest faced by the incoming speaker of the House, I believe that it is imperative that we have an independent, nonpartisan" counsel to earry forward the investigation. Representative David E. Bonior, Democrat of Michigan, the incoming House minority whip. said at a news conference.

Mr. Bonior's proposal was immediately denounced as "ill-considered" by Mr. Gingrieh's office. "The matter is currently pending before the ethics committee of the 103d Congress." said Tony Blankley, a Gingrich spokesman, "and I fully expect that committee to favorably complete its deliberations" before the new Congress convenes Jan. 4.(LAT)

#### Judges' Judge Makes Point

WASHINGTON - Three senior Clinton administration officials recently trudged up to Capitol Hill on short nolice to confer with Senator Orrin G. Haich, soon to be the new chairman of the Senate Judiciary Committee.

It turned out to be something other than a simple couriesy call. The Utah Republican was, by all accounts, his usual courily self. But he was unusually blunt in discussing the new political situation that will come with Republican control of the Senate.

He told the Clinton aides that he was now the principal gatekeeper on the is-

suc of who gets to be a federal judge. And, he said, he will not hesitate to engage the administration in combat on

Asked in an interview about what kind of people President Bill Clinton will now be trying to put on the federal bench. Eleanor Acheson, a senior Justice Department official, said, "I don't think anybody in the administration is laboring under the notion that the culture and environment hasn't changed drastical-

She said there could be "constraints" on the type of people involved.(NYT)

#### Quote/Unquote

Representative Gingrich on his struggle to get the barbed side of his personality under control so that he can behave in a way that he feels is more appropriate to his new role as House speaker: "Either I have to close down that part of my personality, or I've got to learn to be more careful, more specific, about what

# Clinton Sharpens His Ax

A senior official said that selicities the options include elimitating departments such as Engy and Housing and Urban evelopment, advisers are core concentrated on "serious gnificant, major restructuring" to save money. Energy Department officials recalled that when President Ronald Reagan proposed elimination but that Secretary Henry G. Cisneros has produced a workable set of proposals that call for "dramatic restructuring" to save money. Energy Department officials recalled that when President Ronald Reagan proposed elimination of their department in 1981, the proposal failed for two reasons: the Congressional Budget Office did not believe it A senior official said that while the options include eliminating departments such as Energy and Housing and Urban Development, advisers are more concentrated on "serious, significant, major restructurings" rather than jettisoning a department.

hudget that Mr. Clinton will and most expensive function,

The White House has totally

as a "much more audacious re-sponse" to the Republican gains and to emphasize Mr. Clinton's desire to move more

toward the political center. A senior administration official said that Mr. Clinton had asked for "serious recommendations" for cutting or climinat-

ing departments or programs.

A second official said the Department of Housing and Ur-ban Development was once considered a prime candidate for elimination but that Secre-

ing nuclear weapons.

Another official noted. months ago now make it on the

This official said that while the major reviews had been directed at the housing and energy departments, other govern-LOS ANGELES — Both sides in the O.J. Simpson murder trial have accepted a racial by mixed rand of clearance:

Comran Jr. and Robert L. Shasional football star has pleaded not guilty and has vigorously proclaimed his innocence, of their connects:

Mr. Cowlings's attorney, ment departments and agencies Donald Re, said that Mr. Cowlings would be asked to justify their ings had been offered six-figure missions and explain wby parts of their connects:

Sums for the car "Five size of their connects of their connects of their connects." ings had been offered six-figure sums for the car. "Ever since The Ride," people have called asking if they could huy the Bronco," Mr. Re said.

He said the police returned the vehicle to Mr. Cowlings two

Real Estate Marketplace

# For the Executive Branch

By Ann Devroy and Stephen Barr

Washington Post Service
WASHINGTON — President Bill Clinton's senior economic and political advisers are preparing budget options that would dramatically slash departments and agencies and may even eliminate a cahinet department, as the White House competes with the new Republican Congress to cut the federal government.

kilometers) west of Panama City.

At least 26 Cubans who tried to swim the scratch — on the fiscal 1996 move the department's biggest

# Lust, greed, envy, hate, love, joy— And that's just Charlie Brown.

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#### remptory challenges — those used to remove a panelist without stating the reason. When the process concluded, the nine-woman, three-man alternate panel included seven blacks, four whites and one Hispanic.

The final round of jury selec-

folded Thursday in a tense, qui-

et courtroom with the two sides trading turns exercising pe-

They will be pressed into service if any of the 12 regular jurors are removed between now and the end of the trial, a possibility that already has surfaced amid allegations of improper behavior by one or more of the Simpson jurors.

Mr. Simpson smiled broadly cipal attorneys, Johnnie L. murders, but the former profes-

Simpson Jury Selection Comes to a Close

ly mixed panel of alternate ju-rors, concluding a grueling jury

Simpson, we accept the jury."

Jury selection has been under selection process that has way since Sept. 26, when the dragged on since late Septem- first panelists filled out an exhaustive questionnaire probing their feelings about the case and tion in the Simpson case un- searching for any biases that might make them unfit to serve.

More than 100 candidates were dismissed during the selec-

tion process. With jurors and alternates now in place, the judge and attorneys can at last begin turning their attention to legal issues and evidence in the case: On Monday, they will take up a defense effort to block the introduction of any evidence of "marital discord" between Mr. Simpson and his former wife

Nicole Brown Simpson. The slashed and stahled bodies of Mrs. Simpson and her friend Ronald L. Goldman were discovered shortly after Thursday when the selection process limished. His two prin-

#### **Away From Politics**

 A U.S. Navy-chartered passenger ship caught fire after docking at the U.S. naval base at Guantanamo Bay, Cuba, forcing the evacuation of hundreds of military personnel and civilians, the navy said. One woman was injured by smoke

• A U.S. judge upheld the right of a Philadelphia-area hospital company to require a doctor infected with HIV to tell prospective patients of his condition.

• Short children are no more likely to be maladjusted than taller ones, so parents who spend thousands of dollars a year on growth hormones may be wasting their money, researchers say. Earlier studies had suggested that shorter youngsters are more likely to be shy, anxious or depressed.

 The Justice Department said 37 immates were executed in 10 states last year, the largest number since states were allowed to resume using capital punishment in 1976.

Hundreds of students have fallen ill with vomiting and diarrhea at Dartmouth College and Harvard University, both in New England, and epidemiologists were trying to discover if there was a connection between the ontbreaks. (NYT) • A fire whipped by winds roared through a brushy canyon and briefly threatened homes in Malibu, California, which is

still recovering from last year's deadly firestorms.

# TENDER NOTICE

months ago "and he really isn't

able to use it because it's the

most recognizable car in Ameri-

## ADDIS ABABA AIRP PREQUALIFICATION OF CONTRACTORS

1.1 The Transitional Government of Ethiopia has applied for a loan from the African Development Fund in various currencies towards the cost of Addis Ababa Airport Project: Afride Works Phase I and It is intended that part of the proceeds of this loan will be applied to eligible payments under the contract for which this Invitation to prequalify is issued.

1.2 The CIVIL AVIATION AUTHORITY intends to <u>prequality</u> contractors for the following works:
The project is localed at Addis Ababa Airport. 5 bilometers south of the city of Addis Ababa. The project principally comprises civil engineering works including major earthworks and airport pavement work, in particular bilinminous siriled pavements. The work will be undertaken while the airport continues to be operational. The work comprises the following principal elements.

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# U.S. Force in Bosnia Would Be Ready for Combat, Perry Says

WASHINGTON - Secre- posed in Bosnia.

tary William J. Perry said Friwould be prepared for combat if they participated in an evacuation of United Nations peacekeepers in Bosnia.

"If we go in on an extraction operation, and if our forces are attacked by whomever, we will be conducting a combat opera-tion," Mr. Perry said, and the troops will be equipped and prepared to use "overwhelming

power."
The Bosnian Serbian leader. Radovan Karadzie, warned NATO and U.S. forces on Friday to steer clear of Serbs during any evacuation. Mr. Karadzic said his forces would not seek a confrontation hut were

ready to light.
"If NATO or the U.S. Army want to assist" the United Na-tions, he said, "then they should not approach Serbian territory. We would not attack them, but if they approach Serb territory and are hostile to us, there will be a big war between us. There will be another Vietnam."

The Clinton administration has offered up to 25,000 U.S. soldiers to belp evacuate the thousands of UN peacekeepers threatened by fighting in Bos-nia. The United Nations has

not yet requested a pullout. Mr. Perry said a UN with-drawal would be followed by a "reinvigorated" diplomatic ef-fort to stop the fighting in Bos-

"If that negotiated settlement, that cease-fire, were not to be agreed to, then there would be more flexibility in the future for applying military le-verage than there is today," be

Mr. Karadzic, although stressing Serbian determination not to flinch from a confrontation, said his self-styled Bosnian Serbian republic did not want the United Nations to leave if it could be avoided.

"In terms of the military issues," he said, a withdrawal would be a disaster for the Muslim army. But in terms of the humanitarian issue, it would be a disaster for Serbs and more so for the Muslims." The Serbs would not oppose

a withdrawal taking place without NATO intervention, he said, adding: "If the UN is withdrawing, then we will guarantee them full security on Serb territory. Of course, they will have to take their weaponry with them. They can't leave it to

In a related development, NATO's secretary-general, Willy Claes, said Friday in Brussels that the alliance would not take part in future UN missions un-

Mr. Claes said the North Atday that American troops lantic Treaty Organization's hands had been tied in Bosnia because it needed UN approval before taking action against the

"We are losing some of our credibility because UN authorities think we have to avoid a military approach to the Bihac problem," he said, referring to the embattled Muslim enclave.

"I don't think that NATO can accept conditions that, at certain stages, paralyze us," he said in an interview with a Brussels newspaper, Le Soir.

Because of the problems with the United Nations, Mr. Claes also said NATO would insist on retaining — and not sharing — command if the alliance is called in to rescue endangered UN troops in Bosnia.

# Belgrade Suspected of Breaking Its Embargo

Washington Post Service
ZAGREB, Croatia — Diplomats and UN officials say a growing body of circumstantial evidence suggests that President Slobodan Milosevic of Serbia is secretly breaking his own embargo on the Bosnian Serbs.

These sources cited increasing signs that Mr. Milosevic, despite voicing support for an internationally backed peace plan, has continued supporting the Bosnian Serb Army in its secessionist war against the Muslim-led government in Sarajevo with guns, troops and fuel.

This would mark a major breach of the embargo Mr. Milosevic announced in August. The embargo was presented then as a total cutoff of long-standing Serbian support for the Bosnian Serbs and was undertaken in an attempt to force an end to Europe's worst conflict since World War II.

The latest clue emerged Thursday when two award-winning photographers, incarcerated and beaten for two days by Serbian forces besieging the Muslim-held Bihac pocket in northwestern Bosnia, said their captors identified themselves as members of a paramilitary unit from Belgrade.

While anecdotal, the allegations by Ron Jacques of New York and Luc Delhaye of Paris prompted Peter Galbraith, the U.S. ambassador to Croatia, to say, "These are very serious reports, and they have to be investi-

gated." The reports highlight a complex policy pursued by Mr. Milosevic. who was hailed earlier this week hy the foreign ministers of Britain and France as the last hope for peace in the Balkans.

The detailed allegations, if true, would raise doubts about the assumptions that underlie the latest European diplomatic initiatives to end Bosnia's war: that Mr. Milosevic wants peace and that he supports a U.S.-European plan to cut Bosnía roughly in half between Serbs and a Muslim-Croatian federation.

They also would contradict the claims of an international border commission, which Tuesday reported that Yugoslavia, whose dominant republic is Serbia, over the last 30 days had effectively blocked its frontier

with Bosnia as promised.

Partly on the basis of that report. the United Nations Security Council will vote on whether to renew a reduction of international economic sanctions on Serbia.

Serbian forces arrested Mr. Jacques and Mr. Delhaye on Monday even though they were traveling in Croatian Serbian-held territory with the permission of Serbian authorities.

In an interview Thursday, Mr. Jacones, a photographer for the Paris-based Saba photo agency, described a two-day ordeal of beatings, being doused by buckets of cold water and a mock execution. At one point, Serbs covered his head with a padded hood and beat him, Mr. Jacques said. UN sources said that from the de-

scription, the men appeared to be part of a Serbian paramilitary unit run by a Belgrade-based gangster called Zeliko Raznatovic, also known as Arkan, whom the United States has accused

of being a war criminal.

Mr. Milosevic supported Arkan in his unsuccessful bid last December for a seat in Parliament and has used Arkan's units before. UN officials said the reports sug-

gested that rumors of Mr. Milosevic's split with the Bosnian Serbs' self-declared government in Pale have been exaggerated, if not stage-managed, and that the recent Bosnian and Croatian Serbian onslaught against the Bihac pocket suggests support from

Belgrade. UN officials and diplomats pointed to the following developments as additional signs that Mr. Milosevic's support of the Bosnian Serbs has not

 A large number of advanced antiaircraft missile systems have appeared in Serbian-held parts of Bosnia since Mr. Milosevic announced the embar-Diplomats in Zagreb have said they believe these units were supplied to the Bosnian and Croatian Serbs by Mr. Milosevic over the last month. especially since Nov. 21, when NATO launched the first of two air strikes on Serbian targets around the Bihac pocket.

• The Bosnian Serbian Army, which six weeks ago was reported to be low on fuel, suddenly has a surfeit. and much of it appears to be coming from the Yugoslavia's other republic, Montenegro.

• There are increasing numbers of suspicious helicopter sorties close to Serbian territory along with indications of troop movements from Serbia into Bosnian Serbian-held turf.

# **EU Summit** Focuses On , Easy Issue: Transport

China The Deadliest of H

By Tom Buerkle International Herald Tribune

ESSEN, Germany — European Union leaders called Friday for a major increase in spending on cross-border roads and railways to transform the recent economic upswing into a permanent lifting of the bloc's competitiveness.

The initiative neatly sidestepped a long-running fight over infrastructure financing by drawing on two new sources of funds: budget contributions from Austria, Sweden and Fmland, which are to enter the Union in January, and increased revenues resulting from the faster-than-projected eco-

spokesman described it, was a gift the leaders were clearly happy to seize at the opening of a two-day summit meeting here.

The meeting participants achieved consensus by sticking to agreed-upon but limited formulas for stimulating jobs and paving the way for Eastern European countries to enter the Union around the end of the decade. It was a safe strategy that suited many of the leaders, who face deep political difficulties at home.

Chancellor Helmut Kohl of Germany, who stressed the need for economic renewal by holding the meeting in this in-dustrial Ruhr Valley city, told his fellow leaders that they should not give way to "Euro-pessimism." The Union had contributed to 50 years of peace in Europe, he said, and had re-bounded from a previous perod of gloom in the economic crisis of the early 1980s.

to make waves, though, and the climate of modest European ambitions was underscored by the support given a call by Prime Minister John Major of Britain for stepped-up efforts to fight fraud in the EU hudget, one of the few European areas where he can count on full support from Britain's Conserva-

On infrastructure, the leaders committed themselves to beginning work by the end of 1995 on 14 transportation projects, including high-speed rail lines linking Paris with Berlin and London with continental capitals, as well as eight electricity and gas projects linking the Union with Eastern Europe and

The EU executive commission, which was rebuffed earlier this year when it suggested floating Eurobonds to finance the projects, said it could increase spending on the projects over the next five years to 3.1 billion currency units from 1.9 billion. The extra money, which must be approved by finance ministers at a separate meeting next week, stems from budget payments of new members and the tax windfall from growth that is accelerating toward 3

#### SUMMIT: Europe Backs Off on Bosnia Pullout by UN, Fearing Wider War

ever shorter deadlines to pre-pare for full competition but vices in 1998.

declined to send any soldiers to serve with the UN forces in

The officials said it was imperative to reach a negotiated

solution before the new Repub-lican-controlled U.S. Congress forced a change in American policy. They said that nailing down an agreement would require new concessions to the Serbs in the international peace plan that offers 49 percent of Bosnia's territory to the Serbs and 5I percent to a confederation of Muslims and Croats.

States, Russia, France, Britain strategy once the UN peace- Albania, Greece and Turkey,

Continued from Page 1

workers," said the Telekom

in an editoriai to be published

Saturday, said Mr. Ricke's res-

ignation after four years on the

job unsettled both Telekom em-

ployees and international inves-

tors at a time of internal tur-

Ricke's resignation reflected his

place several government offi-

ny, which assumes the legal sta-

eventual privatization.

cials on the board of the compa-workers.

Bonn sources said Mr.

The Frankfurter Rundschau,

spokesman, Stephan Althoff.

to the Serbs in exchange for territorial concessions around would also be allowed to join a

confederation with Serbia. Bosnia's Muslim-led government has firmly resisted any ions, and the United States has been reluctant to go along with such ing between Serbs, Croats and changes because they would punish the principal victims in the war and reward the aggres-

The so-called contact group, But the Europeans say that which includes the United reviving the lift-and-strike

TELEKOM: Chairman's Resignation Surprises Bonn

Rundschau. "He set Telekom

made free decisionmaking im-

possible with political interfer-

ence like the occupation of the supervisory board."

ber of the management board, will act as Telekom's managing

director until the supervisory

board that Mr. Ricke criticized

which says it will lay off 30,000

tus of a joint stock company on making great strides toward in- finances, has meanwhile called

Jan. 1 in the first step toward creasing efficiency and custom- the company's planned 15 bil-

er service, industry observers

"The post minister is respon- say it has a lot of work to do and lion) initial public offering next

While Telekom has been

names a successor.

Wilhelm Paellmann, a mem-

map, such as handing over con-trol of eastern Muslim enclaves uation, involving a confrontation among the major powers. civilian massacres and a serious Sarajevo. The Bosnian Serbs escalation in fighting throughout the Balkans. Besides the serious risk of ca-

sualties in extracting the 23,000 UN soldiers scattered through the Bosnian theater, the likelihood of an escalation of fight-Muslims following a removal of troops withdrew, the officials vinced strategists in allied capitals that the situation could rap-But the Europeans say that idly spiral ont of control.

Neighboring countries, such

Telekom is scheduled to lose

Indeed, Dresdner Bank AG,

the bank entrusted with the

placement of Telekom shares

works of its own.

and Germany, has agreed that keepers would be safely re- and major powers including the "land swaps" could occur in the moved from Bosnia would United States and Russia could find themselves sucked into uation, involving a confronta-tion among the major powers, war that the French foreign minister, Alain Juppé, warns "could set the Balkans ablaze tomorrow.

According to French, British and German officials, the first casualty in their doomsday scenario would be the effort to contain the war within the former Yugoslavia. As soon as UN say, the last restraints would come off the widely flouted arms embargo and there would be a fresh flood of weapons to all Bosnian belligerents.

On the ground, the Serbs would be tempted to launch allout offensives to capture Sarajevo airport and the eastern Muslim enclaves before new supplies of heavy weaponry could tip the balance in favor of the larger Bosnian government army.

The United States would thus be compelled to rush to the aid of Bosnian government with the public, does all its forces with massive air strikes long-distance business with against Serhian positions.

Sprint, while Commerzbank At that point, allied officials AG, another big German bank, uses an AT&T partner named say, the war could take a dangerous turn by forcing Moscow WorldCom and Deutsche Bank to respond to America's sup-AG, the biggest German bank port for the Muslims. The dois a partner in a venture to sell mestic political pressure on President Boris N. Yeltsin to corporate communication netincrease military help for the Joachim Kröske, the Tele- Serbs, Russians' Slavic kin, kom board member in charge of would be overwhelming.

> arms embargo to help the Mus- their earliest years onward. lims and threatens air strikes against the Serbs after the UN troops are pulled out, the West will have a major crisis with Russia on its hands," a senior French official said.



Pope John Paul greeting well-wishers on Friday in Rome.

#### POPE: Women's Rights Backed

Continued from Page 1

not sufficiently appreciated,

is incalculable."

The Pope's messages on such broad issues are rarely directed at people from one particular part of the world, and be went out of his way on Friday to prostitution, which he called a spicable trade," or which "If the United States lifts the discriminate against girls from

He termed discrimination beerable custom" and said that if of dignity will be gravely im- where.

paired and their healthy development inevitably compro-

The main thrust of his message was to enjoin women to take a lead in promoting peace at a time when, the Pope said, "not just individuals but whole castigate societies that promote groups seem to have lost any sense of respect for human

"We are speaking of outrageous and barbaric behavior which is deeply abhorrent to the tween boys and girls an "intol- buman conscience," he said, using language similar in tone to "girls are looked down upon or his condemnations of fighting regarded as inferior, their sense in Bosnia, Rwanda and else-

# NUCLEAR: Americans Help Ukrainians Phase Out

Continued from Page 1

ings and over dinners. After initial besitation on both sides, be said, the program has evolved changing relationships in the post-Cold War era.

"We are as surprised as they are at bow things are moving very quickly to a new world," Mr. Connell said. "Everyone was a little bit wary at first. But we're developing a good sense

Kiev. Washington and Moscow reached an agreement in January that allowed for the dismantling of Ukraine's 176 intercontintental ballistic missiles ahead of Kiev's formal ratification of the nonproliferation treaty. The missiles — 130 SS-19s and 46 SS-24s — carried

on masturbation.

ual activity.

replied.

outspokenness.

The magazine also reported

So far, the Ukrainians are building which is littered with ahead of schedule in shipping junk metal. The sbells of the

ton had contracted with a mili-Union to destroy nuclear arms. After sbuttling back and

forth between Yuzhmash and Washington, American experts and Vladimir Sokol, the deputy of the Yuzhnoye Design Office, agreed on the techniques to be used in destroying the fuel. Five engineers from Morrison-Knudson Corp., an Idabobased contractor, were assigned to work with the Ukrainians.

warheads to Russia for destruc- rockets, which were drained of tion, with 360 sent so far. Penta-their fuel at missile sites, will be lifted by crane into a huge A senior Pentagon official chamber to be constructed insaid the work at Yuzhmash side the building. A steam promarked the first time Washing- cess will separate the remnants of the fuels in the shells - heotary plant in the former Soviet tyl and amyl - from the metal. allowing the resulting residue to be incinerated and the remaining water to be purified.

> "It's a bit like a perfume bottle: you empty it, but the scent still lingers," Mr. Shevchenko said, describing bow residual fuel clings to the shells even after they've been emptied.

cars, is so toxic it should be Bulgaria and Romania on Sat-

North Africa. percent in 1995.

rope, which was endorsed after little discussion, will set the stage for the leaders' first annu-The Pentagon believes the Ukrainian SS-19 rocket fuel, until recently stored in railway the Czech Republic, Slovakia,

CROSSROADS INTERNATIONAL CHUR-CH Interdenominational & Evangelical Sun-day Service 10:00 a.m. & 11:30 a.m./ Kids Welcome, De Cuserstreat 3, S. Amsterdam

KIEV INTERNATIONAL CHRISTIAN ASSEMBLY (AOG), An English-language, Interdenominational Fellowship, Sunday Service 10:30 a.m., Kiev Council of Trade Unions Bulking, 16 Kinescheick Street, Pastor Eddon Brown (7044) 244-3376 or 3302.

PARIS and SUBURBS EMMANUEL BAPTIST CHURCH, 56 Rue EMMANUEL BAPTIST CHUPICH, 56 Rue des Bons-Reisins, Ructi-Matmaison, An Evangelcal church for the English speaking community located in The western suburbs.51.8, 945; Worship: 10:45. Children's Church and Nursery, Youth ministries Dr. B.C. Thomas, pastor. Call 47:51:29:63 or 47:49,15:29 for information.

HOPE INTERNATIONAL CHUPCH (Even-gelical), Sun, 9:30 a.m. Hotel Orion, Metro 1 : Esplenade de La Défense. Tel.: 47.73.53.54 or 47.75.1427. THE SCOTS KIRK (PRESBYTERIAN) 17, rue Bayard, 75008 Paris, Metro FD Prossevett, Family service & Sunday School et 10:30 a.m. every Sunday, All welcome. For information 48 78 47 94.

SAINT JOSEPH'S CHURCH (Roman Cetholic), Messes Sunday, 9:45 a.m., 11:00 a.m., 12:15 p.m., and 6:30 p.m. Saturday-11:00 a.m. and 6:30 p.m. Monday-Priday-8:30 a.m. 50, avenue Hocha, Paris 8th. Tel.: 42:27:28:56, Metro; Charles de Gaulle - Etolle.

MUNICH INTERNATIONAL COMMUNITY CHUR-CH, Evangelical Bible Believing, services in English 4:30 p.m. Sundays at Enhubersir. 10 (UZ Thereslensir.) (099) 850-8617.

PEACE CHURCH - English-speaking congregation, Worship and Sunday School 11:30, Frauenlobstrasse S. 80337 Munich (Sandtinger Tor station). Tel. (0) 89 + 300-6100 (parsonage) or (0) 89 + 2311 55-3 (office). INFORMATION, other clience of 101 59 - 23 61 27 rc (0) 6192 + 100 6192 - 100 6192 ties, call (0) 69 +23 61 27 or (0) 6192 + 41554. SALZBURG

BEREAN BIBLE CHURCH. In Beree, They searched the scriptures daily? Acts 17:11. Evangelical English service at 10:30 a.m. with Pastor David bibotson. Franz Jusef Strasse 23. For info call 43 (0) 662 455563. TOKYO

ST. PAUL INTERNATIONAL LUTHERAN CHURCH, near ildabashi Str. Tel.: 3261-3740. Worship Service: 9:30 a.m. Sundays. TOKYO UNIÓN CHURCH, near Omolesando subway sta. Tel. 3400-0047, Worship services Sunday 8:30 & 11:00 a.m., SS at 9:45 a.m.

Il you would like a free Bible course by mell, please contact LTEGLISE de CHRIST, P.O. Box 513, Staumon, Indiana 47681 U.S.A. VIENNA VIENNA CHRISTIAN CENTER: A CHARIS MATIC FELLOWSHIP FOR VIENNA'S IN-TERNATIONAL COMMUNITY, English

# Language \* Trans-denominational, meets at Habigasse 17, 1070 Vierna, 6:00 p.m. Eve-ry Sunday, EVERYONE IS WELCOME. For more information call: 43-1-318-7410.

UNITARIAN UNIVERSALISTS The Rev. Art Lester from the U.K. will preach on the theme of the winter Solstice, at the UNITARIAN UNIVERSALIST WORSHIP SERVICE, Sunday, December 11, 12 noon Foyer de l'Ame, 7 bis, rue du Pasieur Wag-ner, Paris 11e. Mº Basille. Religious educa-tion for leens and children. Child care. Mediation and spiritual growth groups, Social activities, For information call: 43-79-39-37 or

#### **RELIGIOUS SERVICES**

sible for the disaster," said the little time in which to do it.

disappointment with the government's decision this week to be difficult for the company,

THE EPISCOPAL CHURCHES OF EUROPE (Anglican)

PARIS and SUBURBS

THE AMERICAN CATHEDRAL OF THE HOLY TRINITY, Sur. 9 & 11 e.m., 10:45 20 17 92. Metro: George V or Alma FLORENCE

ST. JAMES' CHURCH, Sun. 9 a.m. File 1 & 11 a.m. Rite II. Via Bernardo Rucellai 9, 50123, Florence, Italy. Tel: 39/55 29 44 17.

FRANKFURT CHURCH OF CHRIST THE KING (Editor pal/Angicen) Sun. Holy Communion 9 & 11 a.m. Sunday School and Nursery 10:45 a.m. Sebastian Plinz St. 22, 60323 Frankfurt, Ger-

many, U1, 2, 3 Miquel-Allee. Tel: 49/69 55 01 84. GENEVA

EMMANUEL, CHURCH, 1st, 3rd & 5th Sun. 10 a.m. Eucharist & 2nd & 4th Sun, Morning Prayer. 3 rue de Monthoux, 1201 Geneva, tand, Tel: 41/22 732 80 78. MUNICH

THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Eucharist and Sunday School, Nursery Care provided. Seybotistrasse 4, 81545 Munich (Hartaching), Germany, Tel.: 49:99 64 81 85.

ST. PAUL'S WITHIN-THE-WALLS, Sun. 8:30 a.m. Holy Eucharist Rise I; 10:30 a.m. Church School Fucharist Rise II; 10:30 a.m. Church School for children & Nursery care provided: 1 p.m. Spenish Eucharist, Via Napoli 58, 00184 Rome. Tel: 39/6 488 3339 or 39/6 474 9980.

ALL SAINTS' CHURCH, 1st Sun, 9 & 11:15 a.m. Holy Eucherist with Children's Chapel at 11:15. All other Sundays: 17:15 a.m. Holy Eucharist and Sunday School: 583 Chaus-sée de Louvain, Ohain, Belgium. Tel. 32/2

WIESBADEN

THE CHURCH OF ST. AUGUSTINE OF CANTERSURY, Sun. 10 a.m. Family Eu-charist. Frankfurter Strasse 3, Wiesbaden, Germany. Tel: 49/611.30,66.74.

> EUROPEAN BAPTIST CONVENTION

BARCELONA

FAITH FELLOWSHIP INTERNATIONAL maets at 9:30 a.m., Bone Nova Baptist Church Carrer de la Clutat de Ballaguer 40 Pastor Lance Borden, Ph. 439-5059. BERLIN

INTERNATIONAL BAPTIST CHURCH, BERLIN, Rothenburg Str. 13, (Stepliz), Bible study 10.45, worship at 12.00 each Sunday. Charles A. Warford, Pastor. Tet.: 030-774-

BONN/KÖLN

THE INTERNATIONAL BAPTIST CHUR-

CH OF BONNKOLN, Rheinau Strasse 9, Köln, Worship 1:00 p.m. Calvin Hogue, Tel.: (02236) 47021. BRATISLAVA Bible Study in English, Palisady Baptist Church Zrinskeho 2 16:30-1745, Contact Pastor Jozep Kutack, Tel: 31 67 79 BREMEN

INTERINATIONAL BAPTIST CHURCH (English language) meets at Evengelish-Previochtich Kreuzgemeinde, Hoherlichestrasse Hermann-Bose-Sir. (around the corner from the Behnfol) sunday worship 17:00 Emest D. Walker, pastor. Tel. 04791-12877. BUCHAREST

INTERNATIONAL BAPTIST CHURCH, Strada Popa Rusu 22, 3:00 p.m. Contact Pastor Mike Kemper, Tel. 312 3950. BUDAPEST INTERNATIONAL PAPTIST CHURCH meds in Mories Zsignond Girmazium, To-rokvesz ut 48-84, Sundays. 10:00 Coffee Fellowship, 10:00 Worship. Take Bus 11 from Betiliyany ter. Other meetings, call Pas-tor Bob Zbinden, Tel. 250-3932.

BULGARIA INTERNATIONAL BAPTIST CHURCH, World Trade Center, 36, Draham Tzankov Blvd. Worship 11:00. James Duke, Pastor. Tel: 704367.

CELLE/HANNOVER INTERNATIONAL BAPTIST CHURCH. Windmulan Stasse 45, Celle 1300 Worship, 1400 Bible Study, Pastor Wert Campbell, Ph. (05141) 46416.

DÜSSELDORF INTERNATIONAL BAPTIST CHURCH. Engish. Worship and Children's Church Sundays at 12:30 p.m. Meeting temporarily at the Evangelisch - Freikrichliche Gemeinde in Ratingen. Germany (Kalserberg 11). Friendly Fellowship. All denominations welcome. For further information call the pastor: Dr. W.J. De Lay, Tel: 0211 - 400 157.

FRANKFURT INTERNATIONAL CHRISTIAN FELLOW-SHIP Evergelisch-Freilarchiche Gemeinde, Sodenerstr. 11-18, 6380 Bad Homburg, phone/Fac 08173-62728 serving the Frant-furt and Taunus areas, Germany. Sunday worship 09:45, nursery + Sunday-school 10:00, women's bible sudes. Housegroups - Sunday + Wednesday 19:30. Pestor M. Levey, member European Baptist Conven-tion. "Dacker His ploty amonost the na-

BETHEL INTERNATIONAL BAPTIST CHURCH, Am Dechsberg V2, Frankfurt a.M. Sunday worship 11:00 a.m. and 6:00 p.m. Dr. Thomas W. Hill, pastor. Tel: 099-

HEIDELBERG GRACE INTERNATIONAL BAPTIST CHURCH, Industrie Str 11, 6902 Sendhau-sen, Bible study 09:45, Worship 11:00, Pastor Paul Hendrix, Tal.: 08224-32255. HOLLAND

TRINITY BAPTIST S.S. 9:30, Worship 10:30, nursery, warm fellowship. Meets at Bloemcamplaan 54 in Wassenaar. Tel.: 01751-78024. MADRID INMANUEL BAPTIST, MADRED, HEFINAN-DEZ DE TEJADA, 4, ENGLISH SERVICES 11 a.m., 7 p.m. Tel: 407-4347 or 302-3017.

MOSCOW INTERNATIONAL BAPTIST FELLOWSHIP Mesting 1100; Kino Canter Building 15 Druz-Druzhimikouskaya U. Sth Root, Hall 6, Me-tro Station Bernladnaya, Pastor Bred Sta-mey Ph. (1995) 150 3253. MUNICH

INTERNATIONAL BAPTIST CHURCH OF

worship in English 11:30 A.M., Sunday school, nursery, international, all denomine-MUNICH, Hobstr. 9 English Language Services. Bible study 16:00, Worship Service 17:00, Pastor's phone: 6906534. PRAGUE International Beptist Fellowship meets at the Czech Beptist Church Vinotradisia # 68, Prague 3. At metro stop Jinhoz Podebrad Sunday a.m. 11:00 Pastor: Bob Ford

WATERLOO

lion Deutsche mark (\$10 bil-

year "existentially important."

Waterloo Baptist Fellowship Worship 1400 at Swedish Church, Chaussee de Charleroi 2 across from McDonalds, Tel.: 065 225076. WUPPERTAL itional Baptist Church, English, Ger-

men, Persian. Worship 10:30 a.m., Seilerstr. 21, Wuppertal - Elberfeld. All denominations ome. Hans-Dieter Fraund, pastor welcome. Hans-Di Tel: 0202/4698384.

ZURICH - SWITZERLAND INTERNATIONAL BAPTIST CHURCH of Wädenswil (Zürich), Rosenbergstr. 4, 8820 Wädenswil, Worzhip Services Sunday mor-

ASSOC. OF INT'L CHURCHES IN EUROPE & MIDEAST

BERLIN AMERICAN CHURCH IN BERLIN, cor. of Clay Alles & Potsdamer Str., S.S. 9:30 a.m., Worship 11 a.m. Tel.: 030-8132021. BRUSSELS

THE INTERNATIONAL PROTESTANT CHURCH OF BRUSSELS, Sunday School 9,30 a.m. and Church 10:45 a.m. Kattenberg, 19 (at the Int. School). Tel.: 673.05.21. Bus 95. Tram 94. COPENHAGEN

INTERNATIONAL CHUPCH of Copenha-gen, 27 Farvergade, Variov, near Rådhus, Study 10:15 & Worship 11:30. Tel.:

TRINITY LUTHERAN CHURCH, Mibelungen Allee 54 (Across from Burger Hospital), Sunday School 9:30, worship 11 a.m. Tel.: GENEVA EV. LUTHERAN CHURCH of Geneva, 20 rus Verdains. Sunday worship 9:30. In Ger-man 11:00 in English, Tet. (022) 310:50.89.

JERUSALEM LUTHERAN CHURCH of the Redeemer, Old City, Muristan Rd. English worship Sun. 9 a.m. All are welcome. Tel.: (02) 281-049. LONDON

AMERICAN CHURCH in London 79 Tottenham Ct. Rd. WI. SS at 10.00 a.m., Worship at 11.00 a.m. Goodge St. tube. Tel: 071-580 2791. PARIS AMERICAN CHURCH IN PARIS, Worship

11:00 a.m. 65. Quai d'Orsay, Paris 7. Bus 63 at door, Metro Alma-Marceau or Invalides. STOCKHOLM IMMANUEL CHURCH, Worship Christ In: Swedish, English, or Korean. 11:00 a.m. Sunday. Birger Jarlsg. at Kungstensg. 17. 46/08/ 15 12 25 x 727 for more

TIRANE

VIENNA COMMUNITY CHURCH, Sunday

tions welcome. Dorotheergasse 16, Vierne

INTERNATIONAL PROTESTANT ASSEM-BLY, Interdenominational & Evangelical. Services: Sun. 10:30 a.m., 5:00 p.m., Wed. 5.00 p.m. Firuga Myslym Shyri. Tel/Fax 355-42-42372 or 23262. VIENNA

ZURICH INTERNATIONAL PROTESTANT CHUR-CH English speaking, worship service, Sun-day School & Nursery, Sundays 11:30 a.m., Schenzengesse 25, Tel.: (01) 2525525.

into a stark illustration of the gon officials said.

of bonding,

about 1.800 nuclear warheads.

The two teams are now ready to start on the renovation of the destroyed by incineration.

her strong stands on abortion rights, sex education and con-

write to Mr. Clinton urging him courage school-age children to disavow her comments. from trying riskier forms of sex-In June, 87 Republican memhers of the House of Represen-"With regard to masturbatatives called for her dismissal. tion, I think that is something and Republicans used her as a that is a part of human sexuality campaign issue in the Novem-

Remarking on Dr. Elders's knack for controversy, Mr. Clinton once said: "Now I that in an interview, Dr. Elders know how Abraham Lincoln acknowledged that she bad felt when he met Harriet Beebeen "cautioned" hy top ad- cher Stowe. He said, This is the ministration officials about her little lady who started the great

of the Arkansas Health Depart-Dr. Elders also became a tar- ment.

ders employed sex education, parental responsibility courses and, in some cases, the distribu-

schoolchildren. convicted in Arkansas in July on drug dealing charges. She stirred further controversy by remarking that she was not convinced he had committed any

A Construction Crane Kills 8 in South Korea

Rewers

(Rewers, AP, NYT)

SEOUL - Eight workers were killed and two were seri- ny to join militia groups formed ously injured Friday when a gi- to defend Chechnya, Itar-Tass ant crane toppled at a construc-tion site in Dangiin, in central "Calls f South Korea, the police said. The collapse is the latest in a series of tragedies that have

raised questions about safety standards in South Korea and embarrassed the government of President Kim Young Sam, which has pledged to prevent

# pregnancy in Arkansas, Dr. El- Force Authorized

Continued from Page 1 ...

feated by Mr. Dudayev's troops tion of contraceptives to in a key battle late last month. After the opposition's defeat. Dr. Elders's son Kevin was Moscow massed troops around Chechnya, but it has not moved them into the region. Russian warplanes, however, have bombed Grozny, and Russian intelligence agents have recruited soldiers to light the govern-

> Moscow insists that the Caucasus Mountains republic renounce its declaration of independence, a demand Chechen authorities reject.

ment of Mr. Dudayev.

"Calls for peace and tranquility remain mere calls where people learn about the Russian troop buildup on the republic's borders and hear bombers buzz

sent their families to the coun-

nomic recovery.
This "manna," as a French Stamp Dip Pleases Ja The Report for

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None of the leaders was eager

tive Party. In a rare display of emotion, the leaders warmly applauded Mr. Major and Albert Reynolds, the lame-duck Irish prings minister, for their efforts to bring peace to Northern Ireland. Mr. Major said that the peace process was entering its most difficult phase and that economic development was needed to demonstrate that peace would improve daily life 300 million European currency

units of aid to that end.

The strategy for Eastern Eu-

ELDERS: One Comment Too Many by Health Chief CHECHNYA: Continued from Page 1 cans and Christian leaders with

she was asked about her views According to the upcoming She accused the religious issue of U.S. News & World right of selling out American Report, Dr. Elders had given a routine speech on the spread of She endorsed bomosexual AIDS when a man asked whether she would support pro-

and a part of something that ber elections. perhaps should be taught," she

Dr. Elders has drawn fire Dr. Elders caused an uproar last year when she suggested from conservatives and antithat legalizing drugs could lead abortion groups since 1987. to a drop in crime and should when then-Governor Clinton be studied. The position was made her the first black and the quickly disavowed by Mr. Clin-first woman to be the director

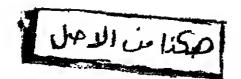
get of criticism from Republi- Trying to combat teenage

Barry. MIN THE PERSON

30 1902 Party ...

Hundreds of Chechen men from surrounding mountain villages have converged on Groz-

above their heads," the news agency said. Many Grozny residents have



# China Theater Blaze Kills More Than 300

# Deadliest of Wave of Fires Raises New Doubts About Safety

Washington Post Service

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BEIJING - Locked emergency exits might have prevented the escape of more than 312 schoolchildren who died in a fire that swept through a theater in China's northwestern province of Xinjiang, local officials said Friday.

About 800 children aged 6 to 14, from local primary and middle schools, had come to the Friendship movie hall to stage a cultural performance for local leaders and teachers, an education official said.

The blaze broke out in the middle of the performance on Thursday, perhaps as a result of electrical problems. Many of the children were found crowded near the sole open exit, burned beyond recognition, news agencies reported.

Two hospitals reported admitting more than 225 persons who had been injured in the fire.

The disaster, the latest and most deadly in a series of fires that have recently hit China, raised new questions about the adequacy of the government's fire prevention and safety standards. Official reports have said that the number of serious fires has risen this year. By September, fires had killed 1,325 people nationwide, according to official figures.

Many of the catastrophes have taken place at overcrowded theaters, dance halls

After the fire on Thursday in the 45- northeastern Jilin Province killed two peoyear-old briek and concrete theater, the State Council, China's cabinet, issued an museum. Officials accused the owners of emergency directive ordering immediate fire-prevention inspections nationwide. Businesses that fail to meet fire safety standards will be shut down, the directive

The rapid pace of development has worsened the problem of fire safety. As the economy steams ahead at double-digit growth rates, almost every city has taken on the appearance of a construction site. Yet the pace of construction appears to be outstripping the ability of government to monitor and regulate fire precautions.

Architects who have worked in China say that many areas suffer from lax fire codes and fire safety procedures. In places, there are no fire safety standards in the building codes for new structures. If there are standards, they are rarely enforced.

In older buildings, electrical wiring is often overloaded by new appliances. And in some residences, people still make fires inside using coal to cook and keep warm. Even in new huildings, the risk of fire is heightened by the high proportion of Chinese citizens who smoke cigarettes.

Many of China's worst fire disasters appear to have been preventable.
On Nov. 15, a fire in a nightclub in

the nightclub of lax safety precautions. The museum had no fire extinguishing system in place.

On Nov. 27, a hurning newspaper tossed onto a sofa at a birthday party transformed a dance hall in northeastern Liaoning Province into an inferno in which 233 young revelers were killed and 16 were injured. The recently renovated building had only a single narrow exit, and most of the victims died of smoke inhalation.

Three days later, 11 people were killed and 38 were injured in a hotel fire in coastal Shandong Province. It took nearly 100 fire fighters an hour to bring the blaze under control.

Many of the worst fires have been in factories or in factory dormitories bousing workers. Four such fires took place in late 1993, prompting government calls for im-provements in industrial safety.

On Nov. 19, 1993, a fire caused by an electrical short-circuit in the Sino-Hong Kong joint venture toy factory in southern Shenzhen killed 84 workers, including 79 who suffocated because of poisonous gases. In that case, like the fire Thursday night, emergency exits were locked.

-STEVEN MUFSON



PEACE MARCH -- Street actors joined a rally in Colombo on Friday called to press Sri Lanka and the Tamil rebels to find a peaceful solution to their war. The march was organized by 40 nongovernment organizations.

# Pleases Japanese

#### 'Sincere Respect' for U.S. Reversal

By T.R. Reid

Washington Post Service TOKYO - The postage stamp imbroglio that had threatened to reignite lingering World War 11 resentment on both shores of the Pacific has turned out instead to be a big plus for U.S.-Japanese relations, relieved Japanese officials said Fri-

The U.S. decision to cancel a planned stamp that depicted the atomic bomb's mushroom cloud rising over a Japanese city has brought widespread praise and gratitude from Japanese leaders.

Just a week ago, when the stamp was announced, they denounced the United States.

We are grateful for this decision," Prime Minister Tomiichi Murayama said of the cancellation. The Japanese, he said, "sincerely respect" the United States for giving "real consideration to the feelings of the people of Japan."

Officials in Hiroshima and Nagasaki, the two cities hit with

atomic bombs in August 1945, also expressed gratitude to President Bill Clinton and the United States for responding to Japanese complaints that a mushroom cloud stamp would be insensitive and "heartless."

Hiroshi Harada, director of Hiroshima's atom bomb museum, said the conciliatory step might well make Hiroshima more inclined to cooperate with the Smithsonian Institution and other U.S. organizations planning to commemorate the 50th anniversary of the end of the war.

When the stamp was first announced, Mr. Harada had indicated that Hiroshima might not cooperate with the Smithlanned Washington exhibit

Banner headlines in most Japanese newspapers Friday reported the U.S. turnaround. Some reports compared the decision to the speech former

President George Bush gave on the 50th anniversary of the Pearl Harbor raid, in December 1991. "I have no rancor toward Japan," he said, a statement that was praised here as the height of statesmanship. The mushroom cloud stamp was designed to be one of a set

of 10 World War II commemoratives to be issued next year. Japanese responded bitterly to the idea that the victims' suffering would be recalled on a stamp.

"Beneath that mushroom cloud," Nagasaki's mayor, Hiyo-shi Motoshima, said last week, "hundreds of thousands of noncombatant women and children were killed or injured." It would be "heartless," he added, to issue a stamp featuring this "indiscriminate massacre."

The protests from Japan fell on receptive ears in America State Department officials, White House officials, Mr. Bush, and the Veterans of Foreign Wars said they could understand why Japan felt the atomic bomb was not an appropriate image for a stamp.

Accordingly, Postmaster General Marvin Runyon announced that the stamp would not be printed. Instead, the commemorative set will include a portrait of President Harry S. Truman announcing the end of the war.

# Stamp Diplomacy | China Solidifies Ties With Former, and Still-Nervous, Foes

By Steven Mufson

BEIJING — Despite widespread try to flex its muscles in Asia, China is strengthening political, military and economic ties with former enemies on its borders.

In the last 45 years, China has fought wars against Russia, India, Vietnam and South Korea. It has exchanged mortar attacks with Taiwan and was suspected of aiding an Indonesian communist insurgency.

As China's economy and national pride grow, its neighbors have become increasingly nervous that a stronger China will try to dominate the region.

"In the U.S. judgment, China's military development does not pose a threat, but that's not the view of Chi-na's neighbors," said a U.S. Defense Department official, who added that many Asian countries had appealed to the United States to maintain a security umbrella over parts of the region.

Taiwan; the continuation of nuclear weapons tests every six months; Chinese stubbornness over negotiations fears that a fast-changing China will on Hong Kong, and gunboat diplomacy earlier this year in a dispute with Vietnam over the Spratly fslands.

In the last four months, however, China has signed peaceful-cooperation accords with all its former adversaries in an effort to ease Asian anxieties. President Jiang Zemin has traveled to Moscow, Jakarta and Hanoi, Prime Minister Li Peng went to South Korea, and Defense Minister Chi Haotian vis-

ited India, a former foe. China says the flurry of diplomacy is consistent with the foreign policy pur-sued since Deng Xiaoping took power here in 1978. Mr. Deng has sought to soothe relations with China's neighbors as well as with the United States so China is not distracted from the task of economic development.

"Ever since China initiated the policy of reform and opening up, when China made as its central task economic development, China has stood for Those fearful of the future have sound relations with its neighbors to cited several ominous signs: Chinese create a peaceful environment," a Formilitary exercises on the coast near eign Ministry spokesman said.

Indeed, although China's military budget has increased substantially in to come hy," Mr. Margolis said, "being recent years, it has dropped as a per- able to be presented as a great statesareas get top priority.

Many analysts besitate to credit

China with too many good intentions for the recent diplomatie flurry.

Beijing sought better relations with neighbors so as not to be distracted from economic development.

together is the desire of leaders, particularly of Jiang Zemin, to build up his image through the glad-handing and the television coverage," said Richard Margolis, former political adviser to the Hong Kong governor and a political analyst for an investment banking house. Mr. Jiang has also visited Kazakhstan, France, Singapore and Malaysia in the past four months.

centage of state expenditures as other man shaking hands and having con-areas get too priority. world is seen hy Jiang as a useful means of huilding himself up."

Others note that China might be acting in its own interests in an effort to head off a regional arms race. That is a race China might have trouble keeping up with - especially if it in-"The message has gotten back to

China about concerns about their militarization and their long-term capabilities," said Michel Oksenberg, president of the East-West Center in "One of the things that ties it all those concerns. They don't want to stimulate an arms race."

The symbolism of some recent diplomatic moves is striking.

In September, Mr. Jiang traveled to Moscow for the second time in 17 months. He and President Boris N. Yeltsin of Russia signed an economic cooperation pact and agreed to stop targeting their nuclear weapons at one

They also initialed an accord settling a dispute over a 34-mile (55kilometer) section of the Chinese-Russian border, a small strip, but the accord was symbolic of improvements in relations since the 1969 border skirmishes that resulted in several hundred deaths.

Previous visits by Chinese party chiefs to Moscow have not always gone so well. Mao Zedong visited the Soviet Union in December 1949, and for several days Stalin did not even acknowledge his presence.

By contrast, Mr. Jiang received red-

carpet treatment, meeting Prime Min-ister Viktor S. Chernomyrdin, Mr. Yeltsin and the chairman of the Duma, the lower house of Parliament.

Days later, Mr. Chi became the first defense minister in four decades to visit India. In 1962, China fought a border war with India. Relations remained tense for years, and China has been a major weapons supplier to India's regional rival and sometime encmy, Pakistan. But last year, the world's two most populous nations took steps to reduce military tensions along their

# Nice Neighbors, 'Most Wanted' Fugitives: Hard to Reconcile

By John Kifner New York Times Service

PITTSBURGH — The man who called himself Greg Peters and the woman known as Jo Elliott went to some of their friends and neighbors a week ago, people they knew from cookouts, favors done and repaid, Halloween trick-or-treating with their children, and said there was something they just had to tell them.

Hill neighborhood.

They had been in hiding for nine years from federal charges that they had been part of a plot to blow up the maximum-security prison in Leavenworth,

confusion and spring a leader of a Puerto Rican nationalist group known as the FALN, a Spanish aeronym for the Armed Forces of National Lib-

Terrorist," the wanted posters say in hig letters. "Do not approach - armed and danger-

Neighbors on two quiet, middle-class streets of Squirrel Hill have been stunned by the news In reality, they were Claude
Daniel Marks, 45, and Donna
Jean Willmott, 44, who lived
near each other in the Common transfer of the stunned themselves in common transfer of the stunned to the stunned themselves in common transfer of the stunned themselves in common transfer of the stunned themselves in common transfer of the stunned themselves and the stunned themselves of the stunned thems Chicago after nearly a year of negotiations, hoping to win reduced sentences.

Some neighbors have been writing letters in their support. "We were stunned, totally,"

Kansas, land a helicopter in the said Janine Stern, when Mr. MeBride, known here as Tim Marks told her and her husband. "It was very difficult to

> We wondered what could be so serious. Then he just started telling us, 'I've been on the run, living under an assumed name," " said Mrs. Stern, an artist who lived across the street from the modest house where Mr. Marks lived with his wife, Diana Block, known here as Pat Hoffman, and their two chil-

The two fugitives and their families had moved earlier to Chicago.

"We were weighed down by the news," Mrs. Stern said. "It was almost a dream, something you would read or see in a movwas still the Greg that I knew, not this Claude Marks."

Fred Orlansky and Liz Evans were stunned, too. They live a few doors up from the apartment Donna Willmott rented

Anderson, and their daughter, who just turned 4.

They were very nice neighbors, caring and compassion-ate," said Mr. Orlansky. "If you picked anyone on the street you would think was a former terrorist, they'd be right at the bottom of the list." Liz Evans remembered how

the woman she knew as Jo Elliott fixed her chicken noodle soup when she was sick the night Mr. Orlansky's father died: "She stayed the whole time, she fed me, held my hand, she was there."

On Thursday morning, an FB1 agent was knocking on doors along Kennebec Street. ie. When I looked at him, he asking, neighbors said, whether Ms. Willmott, who had worked as a doctor's assistant, enjoyed "a lavish lifestyle."

But the neighbors remembered a petite, red-haired woman who answered phones at the with her husband, Robert AIDS information hot line and

organized holiday parties, picnics and outings for families of 1960s. AIDS-infected and HIV-posi-

tive children. "Jo Elliott — 171 continue to call her that - did a lot of good here," said Mike Neal, head of the Pittshurgh AIDS Task jail Force. "Donna Willmott 1 don't know."

The government says the two former fugitives were members of the Weather Underground, the violence-prone splinter of the radical Students for a Dem- on the case on Tuesday.

They are charged with buying and transporting explosives in 1985 as part of a plot to help a convicted Puerto Rican terrorist, Oscar Lopez, break out of

The two are now in federal custody in Chicago. Several people here have begun writing letters seeking elemency to a

Out

#### **BOOKS**

**OUEST FOR THE PRESI DENCY 1992** 

By Peter Goldman, Thomas M. DeFrank, Mark Miller, Andrew Murr and Tom Mathews. 742 pages. \$29.95. Texas A&M University Press.

Reviewed by Godfrey Hodgson

1992 presidential campaign, sublished immediately after the 1994 midterm elections, records that in June 1992 Governor Mario Cuomo of New York privately urged candidate Bill Clinton to work closely with the Democrats in Congress.

told Clinton in a phone conversation, "you'll lose." Chinton's "handlers," the authors record, didn't like the idea of a Democratic presidential candidate working closely with congressional Democrats. "It potentially puts us in bed with the bad garys," wrote Clinton's shrewd pollster, Stan Greenberg.

In another menoo for Clinton, Greenberg spelled out how Clinton's campaign must begin with the assertion that govern-ment has failed people. "That starting point," he argued, would enable the campaign to establish Clinton as an outsider.

Less than 18 months later, Cuomo has been defeated. The voters have administered a stinging horsewhipping to Clinton, apparently identifying him By a consummate historical as an insider in just that corrupted government that had failed to "put the people first." And the man who was persuaded by his advisers not to get into bed with those "bad guys," the Democratic leaders in Congress, now finds himself dependent on the tender mercies of emocrats in Congress.

"If you don't do this," Cuomo

such "worse gnys" as Senator
Boh Dole and Representative Newt Gingrich. Those who live by the sword, die by the sword.

Of course it must all seem monstrously unfair to Clinton and his advisers. The outrage Greenberg perfectly accurately observed among the voters against government's failures in 1992, and in particular its failure to help less well-off Ameri-

trying to change direction. If the president failed to deliver on his legislative program, that was more the fault of the Republicans who blocked everything he was trying to do.

If there are any Clinton Democrats who are tempted to console themselves by some such arguments as those, however, they should pause and think again. For as this thorough and thoughtful account of the 1992 campaign by a team of experienced political reporters from Newsweek magazine reminds us, some of the failures of American government are direct consequences of what has happened to American politics.

Clinton in the White House has been punished for the way he posed as an outsider in the npaign by being treated as an ontsider on Capitol Hill, so that he could not achieve his goals. For all his efforts not to appear "political," Clinton's effort to identify himself with popular anger with "Washington" was demagogic, and his punishment

cans, has fallen on the shoul- fits the crime: Now he is at the ders of a president who was mercy of new waves of pseudooutsiders playing the same cynical anti-government card. Something is rotten in the po-

litical Denmark, to judge by this excellent account of the 1992 campaign. Goldman and his colleagues have done the state some service by illuminating the cynical manipulation that now passes for political discourse in American presidential campaigns. Who, having watched Campaign 1994, imagines that Campaign 1996 will see a return of the ancient virtues?

Godfrey Hodgson, director of the Reuter Foundation Program for Journalists at Oxford University, wrote this for The Washing-

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federal district judge, William Hart, who is to hold a hearing

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Herald Tribune=

### **More Trouble in Italy**

The abrupt resignation of a Milan magistrate who has spearheaded the investigation into corrupt ties between business and politics will deepen Italy's political crisis. The magistrate, Antonio Di Pietro, had been pressured by leading politicians and businessmen, most notahly Prime Minister Silvio Berlusconi. to limit his inquiries.

Other magistrates quickly asserted that the investigation would proceed. Unless it does, Italians' already low faith in their political institutions is sure

to take another tumble. Last month, Mr. Di Pietro began an investigation mto Mr. Berlusconi's own involvement in payoffs by his media conglomerate, Fininvest. On Tuesday, the magistrate asked a court to impose a 10month jail sentence on Umberto Bossi, head of the Northern League, which is part of Mr. Berlusconi's coalition government along with the National Alliance, a party of latter-day (ascists.

The right-wing coalition rode to power earlier this year on a wave of voter revulsion against the corrupt old guard of Cold War Italian politics. Now, however, Mr. Berlusconi finds himself under investigation for bribes allegedly paid to government tax agents by companies he

charge he denies. Allegations against the Berlusconi conglomerate include bribes to secure television ads for its three commercial channels, kickbacks in exchange for broadcast frequencies, and payoffs for construction contracts. Mr. Bossi is accused of accepting an undeclared campaign contribution of \$125,000 from the Ferruzzi company. He denies this.

Magistrates have used intensive interrogations and pretrial detention, permitted under Italian law, to uncover extensive wrongdoing, known to Italians as Tangentopoli, or "Bribesville." Mr. Berlusconi had earlier tried, without success, to end such prosecutorial practices.

Politicians and businessmen caught up Politicians and businessmen caught up in the widening scandal have also accused the magistrates of waging a political vendetta. They have pleaded for sympathy, citing the suicides of 20 suspects, Businessmen have also tried to shift blame for the bribes by accusing politicians of extortion. But wherever the fault lies in individual cases, Italy's growing middle class is fed up with the old way of doing business and sides with the magistrates. If the political class thwarts its hopes for reform, Italian democracy will end up the loser.

... THE NEW YORK TIMES.

# Tilting the Tax Burden

resentatives bave won praise for the proposed structural reforms of the committee and caucus systems. But the proposal to require a three-fifths vote to raise income tax rates is a bad idea, both from the standpoint of parliamentary proce-

dure and budget policy.

The Senate has institutionalized supermajority voting in its filibuster rule, and that alone should persuade Newt Ging-rich and the other Republican leaders not to empower a minority in their chamber to block the will of the majority. Indeed, the House minority could thwart the Senate, too, because the three-fifths rule would apply to tax bills negotiated in House-Senate conference committees. The proposed rule would deliver an unprincipled blow to majority rule.

Also, the rule means that future hudget cuts would come largely out of the pockets of low-income families. To see wby, look at the Republican "Contract With America." It pledges to fill up a \$700 hillion deficit hole before 2002. To do that, the Republicans would virtually rule out raising taxes and put the whole burden on spending cuts.

Spending cuts - on nutrition, health care, education, housing and welfare will often fall heavily on low-income families. But a freeze on taxes will lock in the largess that Congress dispenses to well-off families, like tax subsidies on

mortgage interest for vacation homes and capital gains on stocks and bonds that investors bequeath at death. By tilting Congress away from tax hikes, the proposed rule would insulate wealthier citizens from paying their fair share of deficit reduction.

The rule could prove drastic. Would a three-lifths majority be needed to tax capital gains at death, for example? It could be argued that such a proposal would merely widen the base of the income tax — in other words, close a loophole. But Republicans could argue that the change represents a rate increase on previously exempt income. Apparently, the crucial issue of what constitutes a rate hike would be settled on a case-by-case basis by the House parliamentarian - appointed by

the Republican leadership.

A bipartisan commission, led hy Senator Bob Kerrey of Nebraska and John Danforth of Missouri, will vote next week on ways to cut federal entitlements. The options include taxing high-priced health insurance policies provided by employers, limiting itemized deductions, and modifying the home mortgage interest deduction. The proposed House rule could shield these options from review.

Besides threatening majority rule, the proposed rule builds a most around the very families who can best afford to help put the government's books in order.

- THE NEW YORK TIMES.

# Between Strategy and Therapy: The Russia Dilemma

By Stephen S. Rosenfeld

WASHINGTON — It is tempting to take Boris Yeltsin's passionate objections to the expansion of NATO as a temper tantrum he is throwing to cool down Russian nationalists. Not so long ago, after all, he indicated that his government would sit still if Poland came aboard. But this is almost certainly too glib and sanguine a view of a development that, if not handled properly, has the potential not to bring back the Cold War but to sour the possibilities for an old record and conceivably a continuing taste for empire. American-Russian ties.

These days Russians look at NATO's approach to enlargement and see perhaps not just an Enlargement Express Train but the implicit downgrading of the NATO Partnership for Peace program of which they are a part; the new Washington clout of Republican hard-liners; and President Bill Clinton's \$25 billion defense add-on. All this comes as they reel under a cruel domestic passage. Many believe that the United States is exploiting their distress for

its own strategic advantage. We Americans deny selfish or menacing intent. And we are right to. Bringing competent Central Europeans into NATO needs no apology. We do not mean Russia ill. But we do mean to comfort new democracies much discomfited - and for good reason — by being up close to a country, Russia, with

Here is the dilemma. Prudence demands that we give due deference to Russia's understandable aversion to seeing NATO's frontiers "approach the border" of Russia, as Mr. Yeltsin puts it. But sympathy and good faith drive us to offer the expanding club of democracies a NATO embrace, notwithstanding the somber questions that Bosnia and much else raise about NATO guarantees.

One answer is to distinguish between Central Europe, com-posed of westward-looking na-

tions the Kremlin conquered and communized after World War II, and the 14 former non-Russian Soviet republics, which now constitute the new Russia's "near abroad." For Central Europe, recognition of their separateness and eligibility for NATO. For the near abroad, acceptance of Russia's traditional claim for a special position.

It's a neat distinction. At this late 20th-century moment, however, to make such a distinction - anyway, a public distinction - between a fully sovereign state competent to make its own decisions and a half-sovereign state living in a larger neighbor's shadow is strategically risky and politically unsustainable. If we offered Moscow such a grand compromise — we get NATO enlargement, they get a sphere of influence — President Clinton would be burned in effigy, and

Ukraine would go nuclear.

Aware of the dangers of drawing a new line in Europe, the

stead to tailor special arrangements in the near abroad: an international peacekeeping presence in Armenia/Azerbaijan, unique security assurances for Ukraine (though not the NATO guarantee to which Ukraine aspires). These arrangements are meant to take into account Russia's legitimate concern along its

border and the border states'

concern for their own integrity. In the American government, it is taken as a creditable ambition, not as a disablement, that the United States wants to have its cake and eat it too. That is, it wants to enlarge NATO to fill a Central European security limbo and at the same time to keep alive a vision of an integrated Europe in which Russia will find its place. It is not an easy stretch.

As always in dealing with Moscow, the West is torn between roles as strategist and therapist. Strategy is simpler. Surely the West could, by being smart and careful over time, deal with Russia's perfectly reasonable insis-

RE-ELECTION

American government looks in- tence that no NATO move diminish Russian security.

Therapy is the hard job. How to deal with the apparently widespread Russian perception that alliance enlargement is an antici-patory vote of no confidence in the prospects of Russian democracy? What to us is a strategic judgment is to them a moral verdict. For centuries, Russians, fearing they would not measure up, held themselves apart from the West. Now many want to be near the West but still fear they won't be accepted as measuring up, and they resent being measured. In this context arises the possibility of Russia closing up and going mean.
From Cold War, Mr. Yeltsin

suggests, things could move to "cold peace." It could happen. The "nationalists" in Russia are almost everybody. They represent not a particular school of thought but a common search for a post-Soviet identity. They need to be talked to straight, not given lectures or, least of all, sermons.

The Washington Post.

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### The Ghost in the White House Is Fast Running Out of Time

**By Anthony Lewis** 

BOSTON — In the month since the elections we have been waiting to see whether Bill Clinton could recover from the defeat and emerge a stronger person and president. As of now, the answer looks to be no.

Weakness and vacuity are what we see in the Clinton administration. It moves from day to day, empty of vision, a government without a design. Mr. Clinton himself seems more and more like Herman Melville's Bartleby the Scrivener, a dwindling,

haunting presence in the White House. There was a telling example of the way things are in the administration's change of policy last week on Bosnia. It gave up the effort to have NATO press the Serbian aggressors by serious attacks, giving way to

British and French objections.
The New York Times published a detailed report on how the decision came about: It was proposed in a memorandum by the president's national security adviscr, Anthony Lake, and "formally embraced at a meeting of the president's top advisers that neither Clinton nor Vice President Al Gore attended."

Mr. Clinton had approved the Lake memo, the report said, but he "was at his Camp David retreat and had been involved only sporadically in the Bosnian issue." So he hardly participated in the discussion of a decision that has fateful implications for resistance to aggression

and genocide in Europe and for the future of the Western alliance.

And then Secretary of State Warren Christopher, at a NATO meeting in Brussels, proclaimed that the alliance was in wonderful shape. "NATO is going to make itself relevant to the future," he said. It had stronger structures to "help deal with crises like Bosnia at an earlier stage." Sure.

The truth is that the Clinton administration has no meaningful policy now on Bosnia, or on the other religious-ethnicnationalist conflicts that menace Europe. And its policy on Russia, once its proudest boast, has been undone by President Yeltsin's increasingly nationalist stance.

All this is not just a bad patch for Bill Clinton in foreign policy. It is a frightening absence of American strategy and American will; the two factors that kept the

peace in Europe for nearly 50 years.
On the domestic side there is a similar ense of emptiness. Does anyone count on Mr. Clinton to lead the fight against meanspirited actions by Republican leaders in Congress? Can anyone detect in him commitment to a set of political values? There are values to defend at this time: values just as traditionally American as the ones the Republicans talk about. A commitment to civil liberties, for one. A concern for the underdog, for the stranger at the gates. Immigration is a crucial example. A growing nativism is using legal and illegal

immigrants as scapegoats for economic troubles. Many Republicans in Congress are talking about a federal version of California's Proposition 187. Last week The Washington Post carried

a powerful article decrying the anti-immigrant movement. Was it by a Clinton administration official or some other leading Democrat? No, it was by William J. Bennett, the conservative Republican.
Since the election Mr. Clinton has made

no effort to counter the radical Republican line that government is evil - no effort to remind Americans how much they need government. To the contrary, he has mimicked Republican ideas on budget-cutting and spending more on defense.

To write critically about the president is

not easy for me. He has done many good things, from Haiti to GATT, and has not had the credit he deserves. He has been savaged by a brutal opposition and by a press that even Newt Gingrich says has been "very tough on the president and on Mrs. Clinton.

But Bill Clinton faces a fundamental test now, and he is not meeting it. After the election, commentators said he might rally to smite the enemy like Harry Truman; bow unlikely that prospect seeds today. If he is going to be president, he has to pull himself together and make some major changes in his administration. I think be has no more than a month or two to convince us that he can govern.

The New York Times.

### Witches in the Schools

Alachua County, Florida, makes a big deal of Halloween. Each year the school is decorated for the celebration, special stories are read and, in the spirit of all this fun, the teachers dress up in costumes. But apparently there are Grinches for more than one holiday.

In this case the spoiler was a parent, Robert Guyer, who not only kept his own children out of school for the day but sued county officials demanding that the annual party be permanently enjoined. It constituted, he said, an establishment of religion. On Monday, the U.S. Supreme Court refused to review the judgment of Florida trial and appellate courts in favor of the school board.

What religion, one might ask, is being fostered by these costumes and decora-tions? "Wicca," said Mr. Guyer, a variety of witchcraft, which he claims has an increasing number of followers and presumably is a threat to American children. He raised no objection to the portrayal of pumpkins or even ghosts. But he sounded a warning against witches, cauldrons and brooms, which are allegedly particu-

Hidden Valley Elementary School in larly significant to followers of "Wicca." Those teachers who dressed as clowns, and even the one who came as Ronald Reagan, were unobjectionable. But the ladies in the long black robcs and pointy hats, he claimed, were unconstitutional. So was a sign in the school cafeteria depicting a wand-waving witch

asking "What's cooking?" Lighten up, Mr. Guyer. This litigation is a case study illustrating the time-wasting burdens on the U.S. court system and the determination of some adults to micromanage the schools because of their own narrow fears. Shakespeare is being censored in some parts of the United States because parents think Romeo and Juliet set a bad example

Surely Halloween, the celebration that stretches children's imaginations, allows them to extort a mountain of candy and junk food and even encourages them to frighten adults, should be allowed one day of the year. Let the kids enjoy it free from fear of "Wicca," plaintiff's lawyers and other goblins. - THE WASHINGTON POST.

#### Gingrich Has No Business on This Bosnia War Path By Charles Krauthammer

WASHINGTON — Now Newt Giogrich has lost his head over Bosnia too. Not content to let Bob Dole lead the charge of the light hrigade into Balkan oblivion, Mr. Gingrich has turned hawk. He once took the hands-off view that Bosnia is a European problem. Now he not only sees it as an American prob-

lem but he has a three-point program to solve it. Step I: Get the UN protection forces out of Bosnia. A nice idea that will then allow us to wage war with great gusto, relieved of the worry of hitting UN soldier-hostages. But a few questions intrude. Who feeds the starving and be-sieged in Srebrenica, Gorazde and the other Muslim enclaves after the British and French and other UN soldiers leave? Who keeps

the UN leaves and water, power and food are cut off? Answer: (a) No one, or (b) American ground troops. Take your pick.

Step 2: Arm the Muslims. Another nice idea, three years too late. Who is going to stop the Russians from flooding the Serbs with weapons once the arms embargo is broken? For that matter, who is going to stop the Russians, the French and anybody else from arming Irao and Libya and other outlaw states once we have shown that Great Powers can pick and choose embargoes?

And, most important, what happens to the Muslims in the months it will take to arm and train them? The Serbs are certainly not going to sit idly by. They will launch a pre-emptive offensive that will cost thousands more lives and perhaps extinguish Bosnia for good. Who will prevent that?

Which brings us to Step 3: Americans will. Massive U.S. air strikes — wby, just the threat — will stop the Serbs cold. This faith in air power is touching considering that 40 days of intensive bombing could not get Iraq out of Kuwait; it took a ground invasion to do that. Yet Mr. Gingrich figures three to five days in Bosnia

ought to do the trick. And bomb what? Serbia? Belgrade certainly helped start this war but for months it has cut off the Bosnian Serbs and urged them to accept the Western peace plan. What is the logic of bombing the one Serbian party that is pushing for a peaceful settlement?

Who then to bomb? Why, the Bosnian Serbs. Mr. Gingrich would "paralyze [their] capacity

to function as a society." Problem is, they are not a functioning socicty in the first place. They are a scattered, agrarian population whose economy has ground to near zero. What do we do? Turn out the lights in downtown Pale?

The Gingrich bombing plan is classic post-Vietnam strategy: mtervention on the cheap. No ground troops, no risk, short time span, large effects. This is childish fantasy. Once the war is Americanized, the risks are exclusively America's. Once Washington orders out the United Nations, it assumes responsibility for the Bosnian civilians. Once the United States arms the Muslims, it assumes responsibility for the conduct of the war. And once U.S. planes begin air strikes. America becomes a combatant.

At which point we Americans are back to where we were in Vietnam, 1964, committing ourselves to one side in an unwinnable situation. The only alternative then is the agony of a ground war or the humiliation of an abrupt exit.

Moreover, the Gingrich war path is not just bad foreign policy. It is bad domestie policy. It is never a good idea for Congress to run American foreign policy. It was not a good idea when the Democratic Congress tried to shred Ronald Reagan's in the 1980s. It is not a good idea for the Republican Congress to stage-manage Mr. Clinton's today.

Finally, apart from all else, this is bad politics. This whole venture into foreign policy is a huge,

### Clarification

It has been brought to our attention that a passage in Dr. Christopher Lingle's opinion piece "The Smoke Over Parts of Asia Obscures Some Profound Concerns" in the October 7, 1994 issue of the International Herald Tribnne could by reason of facts later drawn to our attention be understood as suggesting that Mr. Lee Kuan Yew bad sought to suppress political activity in Singapore by bankrupting opposition politicians through court actions in which Mr. Lee relied on a compliant judiciary to find in his favor without regard to the merits of his case.

This was not our intent and we do not associate ourselves with any such view which we accept would be unfounded. We apologize unreservedly to Senior Minister Lee Knan Yew and to the Singapore judiciary.

needless distraction for the Republicans. They were not elected on Nov. 8 to save Bosnia, which is beyond saving. They were elected to fix America, which is, as yet, not beyond fixing. Their mandate to govern was won on a domestic agenda. There is a window now open for the Republicans to enact

# Liberalism Is Alive and Much in Need

The Case for a Larger NATO

Reasonable questions are being raised about NATO's continued relevance and future. They deserve careful responses. NATO's 16 members, led by the United States, insist that they intend to main-

tain the organization. What they seem to have trouble agreeing on is why.

The Czech Republic, Poland and Hungary all are eager to join NATO. All want the collective security NATO offers.

But what can't be overlooked is the

unease among Russia's leadership that

NATO's potential eastward expansion produces. If the Cold War is over and

Russia is no longer the enemy, Russia's top leaders ask, why enlarge NATO? The unspoken answer is that Russia's experiment with democracy may give way at almost any time to a revived authoritarianism with imperial ambi-tions. President Boris Yeltsin accuses NATO, with America in the lead, of seeking to redivide Europe.

A compelling case for enlargement as something that serves the security interests of Europe - and of the United States has not yet been made. Without it, it is likely that the doubts about NATO's purposes and its future will only grow.

- Los Angeles Times.



Other Comment

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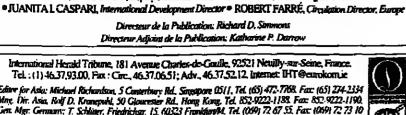
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alism are greatly exaggerated.

True, on Nov. 8 the electorate

these enclaves from being overrim

and their populations massacred?

Who keeps Sarajevo alive when

and new majority party moved sharply to the right. True, politi-cians in both parties shrink from any use of the L-word except to denounce it, and pundits of every ideological stripe now note - or celebrate - its demise.

If liberalism is defined as its detractors would define it - as a simple-minded political philosophy that endorses reckless government spending, shameless personal conduct, toothless responses to crime and a spineless foreign policy - then that philosophy has a barely perceptible pulse in Ameri-

can political life. But that has never been the true meaning of liberalism. The liberal mind is (or should be) the liberated mind — liberated from prejudice, hatred and cant, open to new ideas and solutions, neither permanently tethered to the dead hand of the past nor rigidly fettered to any faction or fortune.

The liberal's commitment is to better government, not bigger government; to enlightened change, not the status quo; to the politics of hope, not the politics of pork. Genuine liberals, in the original sense of the term, do not be-

lieve that government, big or small, centralized or local, can or should solve every problem or shoulder every task. Liberals have always led the battle against unwarranted gov-

ernment interference with liberty.

NEW YORK — Reports of the death of American liber-

free speech, a free press and other

basic freedoms.

Today, liberals, unlike their detractors, lead the battle against unwarranted government intrusion into matters of privacy and prayer. But they have not aban-doned the belief that government -if honest, efficient, democrate and representative — can facilitate, not obstruct, the improvement of economic, educational

and human conditions. The liberal tradition, thus properly understood, represents the very antithesis of the 1994 election campaign. In theory, both a political campaign and the liberal approach call for the presentation and debate, the winnowing and sifting, of alternative public policy proposals.

But the typical campaign waged by candidates from either major party is concerned with what is popular, while liberalism is concerned with what is right.

Campaigns now deal largely in headlines and slogans, while liberalism rests on full-blown ideas. Campaigns are all about tactics and image. Liberalism dwells in the realm of the strategic and factual. Campaigns are financed by special interests. Liberalism's only guiding star should be the

national interest. This year's election campaign belabored symptoms - crime, violence, teenage pregnancy, illiteracy and economic malaise. Liberals look for underlying causes and remedies.

Overall, the campaign focused on the great harm done by bureauerats. Liberals still believe that great good can be done hy

public servants.

Authentic liberalism — the liberalism of Jefferson and Lincoln, Wilson and the two Roosevelts, Truman and Kennedy — lives on. But let no one pretend, in the face of the election results, that it is thriving. Whatever excuses are offered about low voter turnout and a poisoned atmosphere, the fact remains that the people spoke and rejected liberal programs and projects of the past.

Now we must apply anew the principles of the liberal mind to search for new progressive, acceptable, democratic solutions to new problems, difficult problems: persistently stagnant pay scales and living standards; crumbling public infrastructure; pervasive parental concerns about the safety, health, education and future job opportunities of their children — problems that will not be solved simply by tax cuts, term limits and the

electric chair. To find those new solutions, the need for an open, searching mind, the liberal mind, is greater than ever before.

The writer, a lawyer, is the 20th Century Fund's new chairman, This essay was excerpted by The New York Times from remarks to the Fund's 75th-anniversary dinner.

it. To squander that opportunity on foreign adventures, and on an adventure that promises nothing but grief, is simply crazy.

Washington Post Writers Group.

#### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Metal Butterfly

NEW YORK - The aeroplane invented by Secretary Langley, of the Smithsonian Institute, was tested yesterday [Dec. 8] in Virginia. It rose against the wind and sailed for some distance. The apparatus resembles a hig hutterfly. The body is of aluminium and floats on wings and is propelled by revolving screws. Aerial navigation has been accomplished. and not later than 1895 we will see an air-ship mail line between Washington and San Francisco.

1919: Help the French

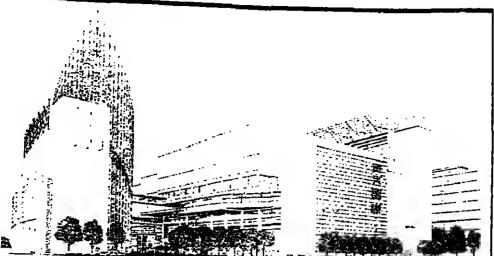
PARIS - [The Herald says in an editorial:] American businessmen certainly realise that unless they, individually and collectively, help the French to tide over the present crucial period, American exports will fall off, because the

other countries where the rate of exchange is less onerous, and to restrict drastically their importations from America. The remedy, in fact, lies in the hands of the peoples concerned, not in the hands of their governments.

1944: A Christmas Fine WITH THE 8TH UNITED

STATES INFANTRY DIVI-SION, Germany — [From our New York edition:] There is a \$65 fine awaiting any American G.L. who says "Merry Christmas" to a
German civilian, Lieutenant Colonel Richard C. Croft warned today [Dec. 9]. Croft was any
proached by a delegation of day [Dec. 9]. Croft was and proached by a delegation of young German women who asked that the strict non-fratemization rules be relaxed Christmas Day. "The same rules will apply to the Yuletide as any other day —and that's a \$65 fine for talking French will begin to import from to enemy civilians," Croft said.

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Architect's drawing of the Tokyo International Forum, due to be completed in 1996.

# The \$1 Billion Forum

Rafael Viñoly's Cultural Center for Tokyo

By Carol Lutfy

OKYO - When it is completed in early 1996, the Tokyo International Forum will be the single most important cultural and convention center in Japan. Housing dance, musical, and theatrical performances, conventions and trade shows, and one of the nation's most comprehensive public art programs, the \$1 billion, seven-structure complex will spread over a seven-acre site on what may be the most expensive real estate in the world,

Construction of the complex is consuming the energies of 33 contractors, 30 architects, 15 engineers and about 2,000 construction workers on a daily basis. Nobody can keep track of the number of subcontractors, which is said to be in the hundreds.

The most extraordinary thing about the complex, however, is the fact that its architect is an American: the Uruguayan-born, New York-based Rafael Vifioly, who woo the cutthroat international competition for the pro-

Viñoly is a leftover from Japan's "bubble economy" days, when throngs of foreigners were brought in to bolster Tokyo's international image and add cachet to its frantic building boom. Since then, the Japanese economy has contracted drastically and almost all the foreign architects have been sent home.

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"In reality, the architecture market for foreigners in Japan has never really been open,"
Viñoly said from his Tokyo office, where he spends about half his time. "Nothing about my talent or importance is responsible for my still being here. They just had no way of undoing the competition."

Everybody concedes that Tokyo may not need a municipal center of this scale on some of the city's most precions real estate at this fiscally sensitive time. But Vinoly's design for the International Forum has received high

marks for its thoughtful approach to both a difficult site and to an clusive, multifunction mandate. Located on a trapezoidal hunk of land that hugs elevated train tracks on one side and borders a dense commercial area oo the other, the lorum will be neither a civic, commercial oor cultural center; and yet it

صكنا من الاحل

must act as all three. Viñoly's solution to both problems is a dramatic, elliptical, seven-story glass hall that breaks down the monumentality of the complex with its openness and accessibility. "It serves as both the symbolic and functional vestibule for the complex," Charles Blomberg, one of the project's chief designers, explained.

HE International Forum will be Tokyo's highest profile building of the 1990s. It is, by far, Viñoly's most significant project to date; and given its star location and daring glass hall (in an earthquake-prooe country), it is likely to bring unprecedented international attentioo to the 50-year-old architect.

As the first foreign architect to become registered in Japan and to take full charge of the construction process, Viñoly has had to play the role of both ambassador and pioneer. Combining conceptual thinking, relaxed charm and what has been described as a "design-as-yougo" approach to architecture, his personality may be ideally suited to the task.

The first test of his diplomatic skills came in 1990 when workers began digging the foundation. Archaeological remains from samurai dwellings dating from the Edo Period (1615-1868) were found on the site and the project was stalled at tremendous expense for a year. Vinoly remained poised, hut by his own admission, he has not recovered from the setback. "I have always felt that they should have been prepared for that," he says.

Carol Lutfy is a Tokyo-based free-lance journalist who specializes in the arts.

# Art for Profit? Sometimes It Pays

ONDON - On Wednesday a buge crowd jammed Sotheby's maio rooms, pondering a question as old as the art market: Can an outsider make money by acquiring art on the advice of those supposed to know about the subject?

The occasion was Sotheby's Old Master Paintings sale which included a batch of 16 pictures bought as an investment by the British Rail Pen-

SOUREN MELIKIAN

sion Fund between 1974 and 1979. Other groups are due to follow at later dates. The Old Master Paintings were part of a much larger investment scheme that ranged from rare books to Chinese porcelain, How did this week's consignment fare?

Judging from works that were bought at auction or, in some cases, from dealers shortly after they had been seen at auction, there were huge variations.

Ironically, the two works over which bidding was fiercest came to the Fund from dealers. The one that outshines all the others when measured on the scale of museum-level rarity is a wooded landscape with cot-tages painted around 1665 by Meindert Hobbema. Sotheby's put on it a £2 million (\$3 million) to £3 million estimate. The picture went up to £3.4 million. With the added premium, it cost its buyer, the Mauritshuis in The Hague, £3,741,500.

The price is high but oot cra-

zy. It illustrates one of the fundamental changes in our perception of art prices that has taken place within the last three decades. When the landscape appeared at Christie's on July 6, 1966, it caused real excitement and was bought by Edward Speelman, a leading Loodon dealer, for the large amount of £125,000. Speelman kept it for some time. Five years later, the Hobbema turned up at Sotheby's where it made only £120,000 on June 24, 1970. It then passed through the hands of two owners, including the dealer William Darby, from whom it was acquired by the Fund. The undisclosed sum is unlikely to have exceeded

£150,000 or thereabouts.
Clearly, the Fund did brilliantly with the Hobberna. This is fundamentally due to the overall reduction in the numbers of Old Masters floating on the market and to the new sense of urgency that this has instilled in those who are in charge of pubbe collections.

The Hobbema seen this week is based on a composition frequently used by the artist. However, it displays some unusual features such as the children about to run their miniature boat on a pond, and it is re-markably well preserved. That, and its large size, place it apart. This was more than Frits Du-

parc, a historian of Dutch landscape painting and director of the Mauritshuis, could withstand. His museum had no major Hobbema, nor did any collection in the Netherlands, he

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yearly acquisitions budget if his handling of figures, larger cophagi. The picture cost the amounts to £55,000. To the last- and stiffer, is quite distinctive. Fund £52,800 when it came up When the picture was sold at at Sotheby's on July 11, 1979. Christie's on Dec. 8, 1972, it But not ooe bid had come from fetched £50,400, paid by the the room on Wednesday as the Brod Gallery, which sold it after a while to a collector, Peter Mullack, it was back for sale as part of his estate on April 11, 1975, toward the end of the se-

vere 1974-1975 slump. At that point, it was bought by the Fund for a modest £37,800. This week it shot up to £287,500, courtesy of Noortman of London. It is one of Barent Avercamp's finer works and excites an interest that would have been inconceivable a decade ago.

The same remark applies to the work of a painter from the circle of Rembrandt's elders. In 1637, Thomas de Keyser por-trayed a young woman as Flora, standing in a wooded land-scape, while a shepherd plays the flute. It is suggestive of Rembrandt in his early years. When it turned up at Sotheby's on April 12, 1978, no one gave it much attention. Bought by the Fund for £12,100, it was sold this week for £98,300.

Alongside upgradings, how-· The theme could be de- ever, there were some downscribed as "The invitation to gradings. A large bozzetto, that harmony" as is evident from the is, a highly elaborate prelimiviola da gamba to which a nary study, was done between young man, seated, points with 1599 and 1604 in grisaille by one finger while holding the Cristofano Roncalli, called "il hand of a woman with his other Cavaliere della Pomarance." hand. The scene thus captures a When seen at Sotheby's New passing moment in a beautiful
light. It owes quite a bit to Vermeer. As George Abrams, the
great Boston collector of Dutch
This week it was knocked down drawings and paintings pointed at £40,000 (£45,500 with premi-out, Verkolje painted only a few mu), involving a substantial pieces of this calibre. In 1975, it loss in real terms. A religious was already expensive at subject drawn from the New £52,500. This time it went Testament, it is severe in inspithrough the roof at £716,500, ration, conventional and gray.

Some paintings weren't sold at all. One is a remarkable scene of a Vanitas in the manner of A comparable upgrading Giorgione, now considered to (1494-1528). A bearded man stands in an Arcadian landGaspard Dughet, Poussin's brother-in-law, fell unsold at £13,000.

to the high estimate. A very pretty Italianate landscape by

Even more surprisingly, a ravishing landscape by Karel du Jardin was also unsold as the hammer fell at £90,000. Afterwards. Sotheby's negotiated a private sale for the equivalent of a hammer price at £100,000. The £150,000 to £200,000 estimate suggests that the price paid to secure its purchase from a "private collection, the Netherlands" was very high, perhaps too high.

FINAL judgment on the profitability of the investment must await the last of the planned sales. A few more paintings of the Hobbema's caliber would be enough to turn the operation into a brilliant

But from the individual buycr's angle another message is clear. A couple of paintings like the Karel du Jardin would be enough to turn a modest investment into a debacle. Buying art for profit over the long term is closer to gambling than to making a calculated investment. In any case, it requires a high degree of knowledge, oot just of the art, but of that mysterious, unpalpable element called human desire and an ability to anticipate which way it will go.



A detail from Hobbema's wooded landscape with cottages that sold for £3.74 million.

ing credit of the Dutch, be suc-

The rarity factor bad a comparable effect oo another landscape acquired by the Fund from the art trade around the same time as the Hobbema. Sotheby's mentions the came of Adolph Stein, the highly perceptive connoisseur oow retired in Switzerland. After him, the Brazilian view, done by Frans Post in the late 1640s, actually passed through the hands of a famous London dealer before reaching the Fund. Those in the know reckeo he sold it for under £200,000. On Wednesday, the painting climbed to an un-expected £1,211,500, paid by Baron Hans Heinrich Thyssen-Bornemisza, according to mar-

HE rarity factor has other coosequences. One is that important paintings by second division masters are now looked at with very different eyes. On Nov. 28, 1975, the Fund bought at Christie's a large scene paint-ed in 1674 by Jan Verkolje.

There is no question that this transaction was fabulously

profitable for the Fund. propelled a winter scene with a be by Domenico Caprioli said in a telephone interview. crowd standing on a frozen riv-Dupare spent two months er by Barent Avercamp. The "talking to the government, nephew of Hendrick Avercamp scape, holding up a skull in one talking to private people" to closely followed his uncle when hand while haranguing a young help out his institution whose dealing with such themes, even couple seated on marble sar-

# auction sales

DROUOT RICHELIEU

hammer fell at £320,000.

Nor was the failure only due

9, Rue Drouot, 75009 Paris - Tel.: (1) 48 00 20 20.

Monday, December 12, 1994 -

Room 7 at 2.30 p.m. - ABSTRACT AND CONTEMPORARY ART. Experts: Mrs M. A. Prat, M.F. Baille, MM. A. Pactitl and A. de Louveneuert. On view: Hotel Drouot (room 7), Saturday, December 10, Sunday, December 11, from 11 a.m. to 6 p.m. Monday, 10, SURGAY, December 11, from 11 a.m. to 0 p.m. Monday, December 12, from 11 a.m. to 12 a.m. Please contact François Tajan (ext. 320) or Fabienne Garcia (ext. 355) Tel.: (1) 53 30 30 30 - Fax: (1) 53 30 30 31. ETUDE TAJAN, 37, rue des Mathurins, 75008 PARIS, Tel.: (1) 53 30 30 30 - Fax: (1) 53 30 30 31. In NEW YORK please contact Ketty Maisonrouge & Co. Inc. 16 East 65th Street, fifth floor, N.Y. 10021. Phone: (212) 737 35 97 / 737 38 13 - Fax: (212) 861 14 34.

Saturday, December 17, 1994 --

Room 10 at 2 p.m. – POSTERS "HOMMAGE TO Jean A. MERCIER", French cinema of the 20s & 30s. MILLON-ROBERT, 19, rue de la Grange Bâtelière, 75009 PARIS. Tel.: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

Monday, December 19, 1994 —

Room 6 at 2 p.m. – JEWELRY, DISPLAY CASE ITEMS, GOLD & SILVER SMITH'S WORK. Expens: MM. R. Déchaut and Th. Stetten, Ed. de Sevin, MINIATURES. Expens M. O. Boré. On view: Saturday, December 17 from 11 a.m. to 6 p.m., Monday, December 19, from 11 a.m. to 12 a.m. Please contact: Florence Grether (ext. 350). ETUDE TAJAN, 37, rue des Mathurins, 7500t PARIS. Tel.: (1) 53 30 30 - Fax: (1) 53 30 30 1. In NEW YORK please contact Ketty Maisonrouge & Co. Inc. 16 East 65th Street, flith floor, N.Y. 10021. Phone: (212) 737 35 97 / 737 38 13 - Fax: (212) 861 14 34.

- Tuesday, December 20, 1994 -

Room 12 at 2 p.m. - STAMPS - POSTAL CARDS. MILLON-ROBERT, 19, rue de la Grange Bâtelière, 75009 PARIS. Tel.: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

Wednesday, December 21, 1994 -

Room 1 at 2 p.m. - MODERN DRAWINGS AND PAINTINGS ROOM 1 at 2 p.m. - MODERN DRAWINGS AND PAINTINGS - ART NOUVEAU - ART DECO. ARTHS ASSOCIES, 15, rue de la Grange Bânelière, 75009 PARIS. Tel.: (1) 47 70 87 29 - Fax: (1) 42 46 71 44 and BEAUSSANT LEFEVRE, 46, rue de la Vicioire, 75009 PARIS. Tel.: (1) 40 23 92 12 - Fax: (1) 40 20 20 72

Room 6 at 2.15 p.m. - OLD MASTER PAINTINGS - Expert: M.E. Turquin. On view: Tuesday, December 20, from 11 a.m. to 6 p.m. Wednesday, December 21, from 11 a.m. to 12 a.m. Please contact: Wednesday, December 21, from 11 2.m., to 12 2.m. Please connacts
Florence Grassignoux (ext. 347). ETUDE TAJAN, 37, rue des
Mathurins, 75008 PARIS. Tel.: (1) 53 30 30 30 - Pax: (1) 53 30 30 31.

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13 - Fax: (212) 861 14 34.

HOTEL GEORGE V (Salon "Vendôme") 31, avenue George-V, 75008 PARIS

Monday, December 19, 1994 -

At 8 p.m. – ART DECO (private collection) FURNITURE & OBJETS D'ART by A.A. RATEAU. Experi: Cabinet d'Expertises Camard. EDGAR DEGAS (Nepveu - Degas collection). DRAWINGS, OILS, BRONZE STATUES. Experis: MM. A. Pacitti and A. de Louvencourt. IMPORTANT 19th and 20th Century Painting. Experis: MM. A. Pacitti and A. de Louvencourt, Mme M.A. Prat, M. F. Baille, On view: Edday. December 16. Sytuplay. December 17. Syrging. December 18. Friday, December 16, Saturday, December 17, Sunday, December 18, from 2 p.m. to 8 p.m. Please contact: François Tajan (ext. 320) or Christine Dayonnet (ext. 354). **ETUDE TAJAN, 37**, rue des Mathurins, 75008 PARIS, Tel.: (1) 53 30 30 - Fax: (1) 53 30 30 31.

-Tuesday, December 20, 1994 -

At 3 p.m. - OBJETS D'ART and BEAUTIFUL FURNISHINGS. Experts: MM. O. Le Fuel and R. de L'Espée, MM. J.P. Dillée, G. Dillee. On view: Friday, December 16, Saturday, December 17, Sunday, December 18, from 2 p.m. to 8 p.m. and Monday, December 19, from 11 a.m. to 7 p.m. Please contact: Catherine Yaiche (ext. 321). **ETUDE TAJAN**, 37, rue des Mathurins, 75008 PARIS, Tel.: (1) 53 30 30 30 - Fax: (1) 53 30 30 31.

At 8 p.m. - IMPORTANT OLD MASTER PAINTINGS, Expens: MM. E. Turquin, G. Herdhebaut and A. Latreille. On view: Friday, December 16, Saturday, December 17 and Sunday, December 18, from 2 p.m. to 8 p.m., Monday, December 19, from 11 a.m. to 7 p.m., Tuesday, December 20, from 11 a.m. to 5 p.m. Please contact: Florence Grassignoux (ext. 347). ETUDE TAJAN, 37, rue des Mathurins, 75008 PARIS, Tel.: (1) 53 30 30 30 - Fax: (1) 53 30 30 31.

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# A Galleon's Treasures

By Michael Gibson International Herald Tribune

ARIS — On Dec. 14, 1600, a naval battle took place in Manila Bay. Two Dutch ships under the orders of Olivier de Noort (the fourth European to circumnavigate the globe), were cruising just outside, capturing unwary merchant vessels, and the small Spanish colony was defenseless.

Antonio de Morga, the ambitious lieutenant general to the governor of the Philippines, requisitioned the San Diego, a 35-meter (115-foot) merchant galheon, had the cannon of the fort of Manila loaded onto the ship, got himself appointed admiral, embarked 500 men and sailed off to meet the enemy.

By his account, the San Dicgo accosted de Noort's ship, suffered damages in the bull and, after six hours of fierce fighting, sank about 8 kilometers (5 miles) from Fortune Island near the mouth of the bay. About 350 men went down with the ship. The Dutchmen, however, sailed away and de Morga (so he claims), swam to Fortune Island while clutching the ship's standards. Thus the report sent to the king of Spain.

Four centuries later, enter Franck Goddio, 45, financial consultant, submarine archae-ologist and founder of the European Institute of Submarine Archaeology.

In the past eight years, God-dio and his team have found and explored seven wrecks in the Philippines. The San Diego, they assumed, lay in or near Manila Bay. But where? To answer that question, they needed more information about the naval battle. Goddio and his team scoured libraries and ultimately came up with first-hand reports and the minutes of an official inquiry preserved in Seville.

HE latter yielded testimony given by surviving crew members to a board of inquiry set up in Manila. Their highly credible testimony offers a different ver-

sioo of the facts. De Morga, lacking seafaring rexperience, loaded the San Diego with insufficient ballast, far too much heavy material above deck, and far too many men. When the ships came in shooting distance, the Mauritius, de Noort's vessel, fired a number of shots to which the Spaniards,



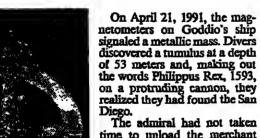
A salvaged astrolabe.

shipping water, could not re-

De Morga drove straight at the Mauritius, and the ships collided. The 59 Dutchmen, suddenly faced with 300 armed Spaniards, fled below deck. At this point, a strange thing hap-pened. The enterprising de Morga, who had so efficiently run operations until then, lay down in his cabin in a nearcatatonic state and, despite repeated urgings and occasional aspersions with water, did noth-

ing for five hours. Meanwhile the Dutch remained below deck and even offered to surrender, but then, observing the inaction of the Spaniards, de Noort set fire to his ship to flush his men out. When they emerged on deck, de Morga gave order to cut the moorings, and this had barely been done when the San Diego

went under. Thanks to these documents Goddio and his team learned that the San Diego had sunk inside the bay, much closer to Fortune Island than de Morga



time to unload the merchant ship when he requisitioned it. A wealth of material, Chinese and other porcelain, silver and glassware, locks and keys, coins and jewels, were recovered along with the arms brought on board by de Morga. A total of ,262 items were salvaged.

Forensic studies on isolated human bones found on the site revealed there had been at least one woman on board, and the owner of one of the skulls had suffered from scurvy. Also, the fact that this or that type of vase was found on board has modified accepted dates for a num-

ber of items. Goddio plans to create a museum of marine archaeology where these objects, and those of other finds, can be displayed. A spectacular presentation of

the San Diego treasure can now be seen in the Grande Halle de la Villette in Paris (to Jan. 8). Future exhibitions in Madrid, Amsterdam, Philadelphia, Dallas, Atlanta, Quebec, New York and Los Angeles are planned.

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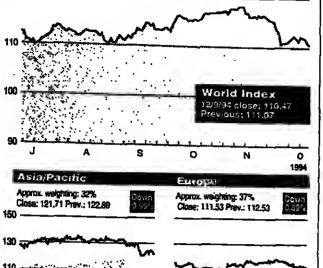
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International Herald Tribune, Saturday-Sunday, December 10-11, 1994



International Herald Tribune World Stock Index ©, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



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Energy	111.20	111.41	-0.19	Capital Goods	111.54	112.52	-0.1	
Utilities	124.24	124.99	-0.60 .	Rew Materials	127.55	127,96	-0.	
Finance	110.93	111.95	-0.91	Consumer Goods	101.44	101.79	-0.3	
Services	110.05	111.03	-0.88	Miscellaneous	112.05	113.80	-1.5	

For more information about the Index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

# France Closes Bidding For Bull

PARIS - The deadline to Groupe Bull, the state-owned French computer maker, closed on Friday, and the government said it had no plans to make any

announcement soon. Bull, which is 76 percent owned by the government, is being sold to companies and executives rather than through a public offering. Interested parties had until Friday to apply, and their identities were not disclosed.

But NEC Corp. of Japan, an electronics maker that already has a 4.43 percent stake in Bull, said Friday it submitted a hid to raise its share to more than 10

Key Bull executives also are tearning up for a 5 percent stake, and another 10 percent could be kept aside for staff, Quadral, a French bolding

company, and AT&T Corp. also submitted a joint bid for taking over about 40 percent of Bull's capital, Paris banking sources said.

The sources said the offer was comprehensive, outlining an industrial strategy for the company, but it did not involve

any breakup of Bull.

The offer also could bring together other shareholders in the company, such as NEC, loternational Business Machines Corp. and management, the sources said.

No other companies are official caodidates, but other names mentioned include Motorola Inc. and several non-Japanese Asian companies.

The privatization of Bull is a priority for the French government, which after pumping \$2.1 billion into the company promised the European Commission that such capital iojectioos

Clinton said the gathering was benefit U.S. workers, oot cost designed to open markets. American jobs. (Reuters, AFP, AFX) strengthen democracy and im-

# Orange: Deeper in Red Bankrupt County Defaults on a Bond

Free Trade's 'Magic Moment'

"If we're successful, the sum-

ers in oearly 30 years — was to open Friday evening with Mr.

Clintoo's formal greeting and a

The president, speaking at

midday to an audience of spoo-

sors and organizers of the meet-

ing and business executives, ar-

"If we act wisely, then we can

Compiled by Our Stuff From Disputches LOS ANGELES — Orange County's fi-nancial plight worsened Friday as word

spread that it bad missed payment on a \$110 million debt, the first default since the California county filed for bankruptcy. Moody's investors Service Inc. promptly downgraded the affected boods to "junk" status, calling into question the worth of other

Orange County bonds. In addition, the county said it would file suit Friday against several brokerage firms in

Merrill Lynch and Rauscher Pierce Refsnes were

subpoenaed by the SEC.

an effort to keep its loss-plagued investment fund from collapsing.

Adding to alarm and confusion surround-

ing the bankruptcy filing, the county, which bas pledged to meet all school and local government payrolls, has acknowledged that

it could not pay all its outside suppliers. "Some vendors are probably not going to get paid," County Administrator Ernie Schneider told a meeting of the Orange Coun-

ty City Managers Association in Irvine. The county was forced to file for bankruptcy Tuesday after it was unable to roll over a (NYT, Blo

MIAMI - Setting the stage throughout the regioo.

South America to the meeting, ceremonial dinner,

mit meeting. President Bill mit will lead to more johs, op-Clinton called Friday for a new portunity and prosperity," he

open markets and strengthen The meeting — the first such the hemisphere's wave of degathering of bemispheric lead-

Framing the meeting in eco- gued that expanding trade and

oomie and cultural terms, Mr. cooperation in the region would

\$2 billion loan. The filing followed the disclosure last week that the county's investment fund had lost more than \$1.5 billion because of interest rate bets that went bad.

Merrill Lynch & Co. and Rauscher Pierce Refsnes Inc. both said Friday that they had received subpoenas from the Securities and Exchange Commission as part of the federal agency's investigation into the bankruptcy.

County officials announced the default, saving that investors in the \$110 million pension bood backed by the now-frozen invest-ment pool were not paid on schedule Thurs-day. The default does not immediately imperil payments to pensioners.

In an attempt to protect the ailing fund, the county plans to sue several brokerages in federal Bankruptcy Court in Santa Ana. Various firms, it said, have sold \$11 billion worth of collateral.

Orange County contends that its Chapter 9 filing barred the sales. But some bankrupcty specialists said the specific agreements the county arranged were exempt.

An exception to the selling of collateral was Merrill Lynch, which said it would not call its \$2 hillion in credit or sell its collateral.

Attempting to reassure investors and taxpayers, the county named a former state treasurer. Thomas Hayes, as the new manager of its troubled investment fund and hired Salo-

prove the quality of life make this new world work for

(NYT, Bloomberg, AP)

benefit for our people."

cas," he said.

from Miami:

"Every American worker in

every part of the United States should be glad that we are here

at the Summit of the Ameri-

James Brooke of The New York Times reported earlier

As they began arriving here

Clinton and the other American

leaders were no doubt relieved

See MIAMI, Page 10

# Japan Rescues Thrifts With **Public Funds**

By Steven Brull ational Herald Tribune

TOKYO -In the first use of Japanese public funds to prevent a financial institution from failing in the postwar era, the Bank of Japan said Friday it would bail out two small credit associations, a move that could hasten the cleanup of the country's loss-ridden financial system.

Although the central bank said the special bank it would set up and help fund would assist only the two ailing credit unions being absorbed, analysts said it could eventually be expanded to rescue other insolvent institutions, in effect becoming a Japanese version of the U.S. Resolution Trust Corp.

"The Ministry of Finance and the Bank of Japan are get-ting to the stage where they're saying the cleanup has got to progress," Betsy Daniels, banking analyst at Morgan Stanley & Co., said.

The new bank is expected to be capitalized at 40 hillion yen (\$400 million), with half being fronted by the Bank of Japan. The sum is small in comparison with the tens of trillions of yen in conperforming loans created by the collapse of property and stock prices after the bursting us," he said. "Trade can be a of the speculative bubble of the late 1980s. But it was nonetheless seen as curative.

> "Twenty billion is small peanots," Ms. Daniels said, "but we've oever seen it before."

The process of writing down losses has been slow, in large part because banks have shied away from declaring losses.

The new use of public funds underscores Tokyo's determi-nation to clean up a festering for a huge summit meeting. Mr. problem that, given the slow recovery of Japanese property that oegotiators had resolved a prices, has become increasingly difficult to sweep under the rug. "It could dramatically hasten

series of sharp disagreements over how quickly to establish a the balance-sheet restructuring

Daniels said, adding that the aonouncement Friday was greeted positively by investors and the bond market.

A faster write-down of the debt also would help the Japanese economy by allowing faster expansion of bank lending to smaller- and medium-sized Jap-anese companies, which now have trouble obtaining credit.

"The Ministry of Finance is determined to show the Japaoese people and the world that they're in control of the system. there's no systemic risk and they do not intend to let a fi-nancial institution go under," Brian Waterhouse, an analyst at James Capel, said.

Still, the Bank of Japan is unlikely to mount massive rescue operations nor divert much from reliance on major city hanks to help ailing nonbank institutions. In the most recent such rescue orcbestrated by the central bank, in October, Mitsuhishi Bank spent \$2 billion to acquire a majority stake in Nip-pon Trust Bank. In return, it got access to the pension fund management husiness.

But the rescue of Tokyo Kyowa Credit Association and the Anzen Credit Bank, which together had bad assets of 100 billion yen stemming largely from loans to a property developer, instead suggests that publie funds may be used in special cases, and mainly for hopelessly indebted nonhank institutions.

In the instance Friday, analysts speculated that the expected white knight, the Long-Term Credit Bank of Japan, was given special treatment because of its historic role in helping develop strategie industries. Still, Long-Term Credit, other private banks and the Deposit Insurance Corp. are expected to put up the other 20 billion yen for the new bank.

# **ECONOMIC SCENE**

# A Crystal Ball Fixes on 1995

By Lawrence Malkin

International Herald Tribune
EW YORK — The forecasting season is at hand, so it is time to tune in on Marvin Zonis, who began this year with the bold prediction that Deng Kiaoping would die in 1994.

Mr. Zonis, a professor of international political economy at the University of Chicago's

business school, is hardly distressed by the clouds in his crystal ball. They emphasize his prediction for next year that if China's paramount leader does not depart the scene in 1995, his country faces financial catastrophe because Mr. Deng's potential successors will continue to avoid offending their supporters in the leadership struggle by delaying the hard decisions necessary to control China's inflation, now running at 27 percent nationally.

Recent financial defaults are one sign of this paralysis. Another is the danger of urban unrest. "The sooner Deng dies, the sooner the country can get on with controlling its finances and avoid disaster," he said.

...

Section of the second

Mr. Zonis studied psychoanalysis for a decade to help him explain the often opaque motives of political figures in the Middle East, his original area of academic concentration. He began his career as a gurn on television during the Iranian hostage crisis of 1980 and then branched into corporate consulting. Clients include the accounting firm of Arthur Andersen & Co., Barings Asset Management in London, and Nomura Securities.

Mr. Zonis has few competitors in the inter-national prediction business, although the American guru John Naisbitt used to provide clients with forward-looking tips on manage-ment, consumer and technology trends, and

Britain's Oxford Analytica is known for acute trend-spotting in its daily facsimiles to clients worldwide.

The object of Mr. Zonis's provocative predictions is to make clients think rather than rack up a perfect record.

His successes include predicting the breakup of the Soviet Union six months before the fall of the Berlin Wall in 1989, but he struck out in using psychology and his knowledge of the Middle East to explain why Saddam Hus-sein would not go to war in 1990. Using similar background and techniques, Oxford Analytica's expert correctly predicted that the Iraqi leader would invade Kuwait.
Here is the rest of Mr. Zonis 1995 tour

a horizon of the world's uncertainties. Russia: Moscow will muddle through with

more improvements in the service sector than recognized - but it is the sector tracked least in official statistics. With parliamentary elections in 1995 and presidential elections in 1996, "Russian politicians will play for the lowest common denominator. Mikhail Gorbachev will run for the presidency on the lure of a return to Communism, in which be still believes, and that will stymie the move toward a market economy."

Saudi Arabia: "Government by hypochondria will result in lower world oil prices." Crucial decisions will be ducked on curbing subsidies to royal relatives, and the kingdom will take the path of least resistance by selling

more oil.

The Middle East: Yasser Arafat will either be assassinated or be sidetracked by Palestinian elections, which will be won by West Bank pragmatists who have learned how to deal

See FORECAST, Page 11

### Budget Woes Hit Markets In Milan

for a 34-nation Americas sum-

"partnership for prosperity" to open markets and strengthen

Mr. Clinton was welcoming leaders from across North and

which is expected to promote a

"This is a magie moment," he

free-trade pact by 2005.

said. "Let us seize it."

MILAN - Italy's battered bourse slumped more than 2 percent Friday as fears about the state of Prime Minister Silvio Berlusconi's government and its crucial 1995 hudget took their toll on markets.

The benchmark Mibtel stock index fell 243 points to 9,564, while the lira scraped along near record lows against the Deutsche mark. At the close in Milan, it took 1,032.60 lira to buy one mark. The lira has fallen more than 4 percent against the mark this year.

"Gaps are opening up in the budget and this government doesn't seem to bave the strength to do anything about it," said the chief equity trader at a major Italian bank. Mr. Berlusconi's government

has pinned its reputation on the budget, which is currently fighting its way through Parliament.

The budget is committed to cutting 48 trillion lire (\$29.5 billion) from 1995's public deficit, but analysts warned that the sum would not be met with the measures currently in place.

A survey published Friday showed that 70 percent of Italy's business people do not believe the bill will restore international

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# How to Become Rich in Albania

Report From Dr. Gerhard Kurtz

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everything...

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being Albanian. If you become Albanian, you're entitled to free land (out of the reprivatisation fund), and you can buy as much cheap domestic land as you want on special conditions given to locals (but hurry

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villages. It is precisely this lack which offers the big "zero hour" chance for men goat, deer, boar, hare, etc. Fishermen will of action - an opportunity such as was last find sardines, red mullet, carp, speckled offered after the second World War which trout, and there are white-breasted seals, laid the foundations of great wealth for so whales, etc. in rivers, lakes and seas.

OUS\$500 and capital of a mere US\$ 1,000 is needed to incorporate. With an within the country (foreigners are not allowed to) and operate worldwide without Albania". It will reveal to you why raising suspicions like the people who use Albania's history is the key to under-Bahamas, Isle of Man or Liechtenstein companies. (You get a summary of Albanian Company Law in the Report).

About the Author Born in Garmany, Dr. Garhard Kurt: has been an investigative journalist most of his working

life. A confirmed cosmopolism with an uncom-promising style of journalism. Dr. Kurt: has been an Editor of several German magazines, a freelance contributor to "Spiegel". "Stern" and "Neue Revue" and has written several books and Reports meluding "225" Tax Havens". "How to Avoid Taxes". "How to Get a Second Passport", "How to Make Money" and "How to Gain Your Rights". He also published "Kurz-Brief", a successful financial newsletter.

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**NASDAQ Indexes** 

AMEX Stock Index

NYSE Diary

AMEX Diary

**NASDAQ Diary** 

Spot Commodities

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Dow Jones Bond Averages

EUROPEAN FUTURES

Financia

3-MONTH EURODOLLARS SI million - pts of 160 pct

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# **Shares Stabilize After 3-Day Slump**

NEW YORK — U.S. stocks Securities Inc. stabilized on Friday after a plunge on Thursday, buoyed hy a rally in computer stocks and the economy or financial mar-

"I think we've weathered the storm," said Brian Grove, manager of the Transamerica Growth & Income Fund.

The Dow Jones industrial average closed up 5.38 points at

#### U.S. Stocks

3,691.11, after a turbulent session in which the average fell as much as 30.62 points. The average had tumbled 49.79 points Thursday and was down 1.5 percent for the week. It has fallen more than 2 percent since Orange County's investment losses were first disclosed.

A steady bond market also helped avert a plunge in stocks, traders said. The price of the benchmark 30-year Treasury bond rose 2/32 to 95 29/32, leaving the yield unchanged from Thursday at 7.86 percent.

"The bond market is acting healthy and even the panic itself reduces the chance the Fed will raise interest rates again" soon, railroad operators were said Don Hays, chief invest- graded Morgan Stanley.

ment strategist at Wheat First

The Dow

Daily closings of the Dow Johns industrial average

**NYSE Most Actives** 

Vol. High LOW

**NASDAQ Most Actives** 

**AMEX Most Actives** 

Market Sales

12/52 611/2 29% 621/6 57/6 18% 17/6 20% 38 77/6 39 91/3

11/2 13/6 61/4 61/4 30/4 37/76 10/4 37 11/74 17/4 10/4 37/ 22/4 22/4 31/2 31/2 12/4 22/4 31/4 22/4

+1-7

Chr

On the New York Stock Exchange, decliners outnumbered advancers by a 13-to-9 ratio, perceptions that Orange County's bankruptcy will not cripple and trading volume totaled 336.12 million shares, down from 362.30 million on Thurs-

Stocks seesawed throughout the day as investors tried to sort out the repercussions of Orange County's hankruptcy for the economy and financial assets. traders said. Some analysts said the stock market could resume its decline Monday as the impact of Orange County on Wall Street firms and taxpayers be-

Semiconductor stocks led the rebound, offsetting declines in brokerage and financial-services shares. Semiconductor and computer stocks rose after an industry trade group said new orders for chips increased in November from October. Motorola rose 1% to 55% and Texas Instruments climbed 1%

Morgan Stanley Group surged 2% to 58% after news of merger discussions with Brit-

ain's S.G. Warburg Group. Railroad stocks fell after five railroad operators were down-

## Dollar Drifts as Market **Awaits Economic Data**

as profit-taking offset support stemming from expectations for increased U.S. interest rates. Traders took advantage of

#### Foreign Exchange

the dollar's higher levels and sold it, traders said.

The dollar has been appreci-ating since the Federal Reserve Board raised rates by 0.75 percentage point on Nov. 15.

"The prospect of another rate increase is what's helping the dollar right now." said John McCarthy, manager of foreign exchange trading at ING Capi-

tal Markets. But dealers said the dollar did not make any significant moves because a batch of economic reports, including U.S. inflation data, is due next week. The dollar closed at 1.5770 Deutsche marks, flat from

dollars needed to buy them pressured the dollar against the Japanese business conditions as showing that the recovery was progressing only slowly.

The dollar also ended at

1.3368 Thursday, It rose to 5.4165 French francs from 5.4140 francs. The pound slipped to \$1.5600 from

release consumer and producer price reports and the Federal Reserve Board will release its industrial production report the first Western Hemisphere next week.

Some analysts said they thought the dollar would benefit regardless of the outcome of (Bloomberg,

NEW YORK — The dollar ended mostly steady on Friday

NEW YORK — The dollar is still too sluggish to spur demand for U.S. goods and the yen. Traders cited a survey of

The dollar slipped to 100.075 yen from 100.550 yen Thurs-

.3360 Swiss francs, down from

The Labor Department will

the price data. (Bloomberg, Knight-Ridder, Reuters)

MIAMI: After It Accepts Free Trade, Latin America Calls U.S. Backslider Continued from Page 9
vast liberalized trade zone in the Western Hemisphere. But despite a generalized

agreement about the desirability of lowering barriers to trade, which is to be the centerpiece of summit meeting since 1967, there were plenty of signs already that Latin American officials remained skeptical of U.S.

intentions on trade. Only after heavy Latin pres-

sure, for example, did the Unit- cade, Latin American nations ed States agree to set a date for have slashed trade barriers and concluding talks for a free trade made the region the fastest pact for the Americas — and growing U.S. export market in that date was 10 years in the the world. future. In addition, the target

was for finishing the talks, not American leaders were wary of for actually lowering the trade Yankee free-traders. Now they For years, Washington urged States that is losing its historical Latin American countries to free-trade zeal and is more inopen their markets to American terested in protecting its own

products, and in the past few markets. "Instead of signing a declara-

tion of generalities, we should be setting a date to start the hemispherie free trade zone. said the president of Bolivia.

It used to be that Latin suspect that it is the United

## U.S./AT THE CLOSE

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Stock Indexes

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REDUCED

States expects to export more to

Mexico than to Japan, and

more to Latin America than to

Western Europe.

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# **GM Lowers Its Production Estimate**

DETROIT (Bloomberg) — General Motors Corp. on Friday cut its estimate of fourth-quarter North American vehicle production by another 1.6 percent because of weak luxury-car sales and the control of the slow production startup of new models at some factories.

Earlier this year, GM said profit could be reduced by as much

as \$130 million because of cuts in production forecasts.

The latest cuts could shave \$40 million from GM's fourthquarter profit, said Joseph Phillippi, a Lehman Brothers analyst.

# Survey Sees Growth Slowing in 1995

WASHINGTON (Combined Dispatches) - Leading U.S. economists expect growth to slow moderately next year, according to a survey released Friday.

The survey of 50 top economic forecasters by Eggert Economic Enterprises concluded that growth should slow to 2.9 percent next year from 3.9 percent in 1994. Inflation is expected to pick up modestly next year, with consumer prices rising 3.4 percent,

compared with a 2.7 percent increase in 1994.

Separately, the University of Michigan's preliminary consumer sentiment index for December advanced to 97.7, the highest reading since January 1989 and up from 91.6 in November.

## Gabelli and Gamco to Pay SEC Fine

WASHINGTON (Combined Dispatches) — Gabelli & Co., a prominent investment firm, has agreed to pay a \$100,000 fine to settle federal charges it violated federal insider trading laws.

The SEC charged that Gabelli and its affiliate, Gameo Investors Inc., did not maintain a proper division to keep market-

sensitive information from unauthorized employees. Gabelli did not admit or deny the allegations. It has called them

"technical debate," saying it settled to conclude the matter.

### Limit on Baby Bell Is Under Review

WASHINGTON (NYT) — The Justice Department is close to recommending that a regional Bell telephone company be allowed to enter the long-distance industry for the first time since the government forced the breakup of the Bell System more than a

People familiar with the proposal, which would require the approval of a federal judge, said Thursday that it would allow Ameritech Corp. to offer long-distance service to customers in metropolitan Chicago. In return, the company would be required to open its local-telephone business in the area to full competition by other telecommunications companies.

Analysts said the proposal could set a precedent for eventually allowing all the regional Bells to provide long-distance service.

### Thermo Electron Eats Poison Pill

WALTHAM, Massachusetts (Bloomberg) — Thermo Electron Corp. said Friday it dropped its \$24.50-a-share cash tender offer for Puritan-Bennett Corp., citing the respirator maker's so-called poison pill takeover defense.

The poison-pill provision, which results in the issue of more shares and makes a takeover prohibitively expensive, would have been triggered if Thermo bought more than 20 percent of Puritan-Bennett's outstanding shares.

### **QVC Profit Falls 33% in 3d Quarter**

WEST CHESTER, Pennsylvania (Reuters) — The broadcaster QVC Corp. said Friday its profit fell 33 percent in the third quarter, while revenue rose 16 percent.

The company earned \$14.5 million in the quarter, compared with \$21.5 million in the year-earlier quarter last year, on sales of \$364.5 million. Sales in the similar period last year were \$313.9

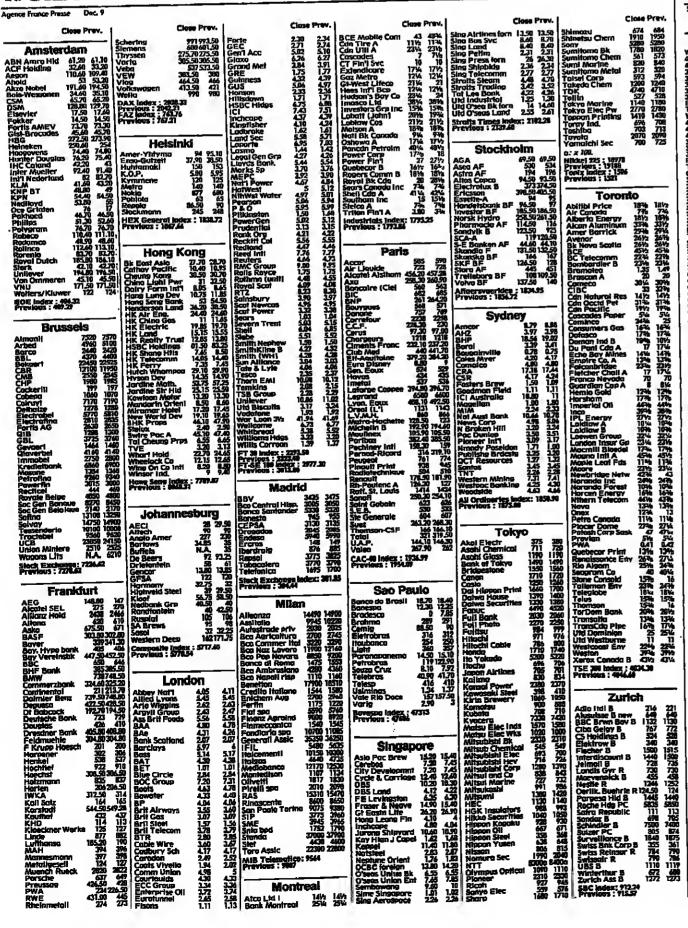
QVC's Secondary Channel lost \$7.9 million in the quarter, The company also lost money on joint ventures in Mexico and Britain.

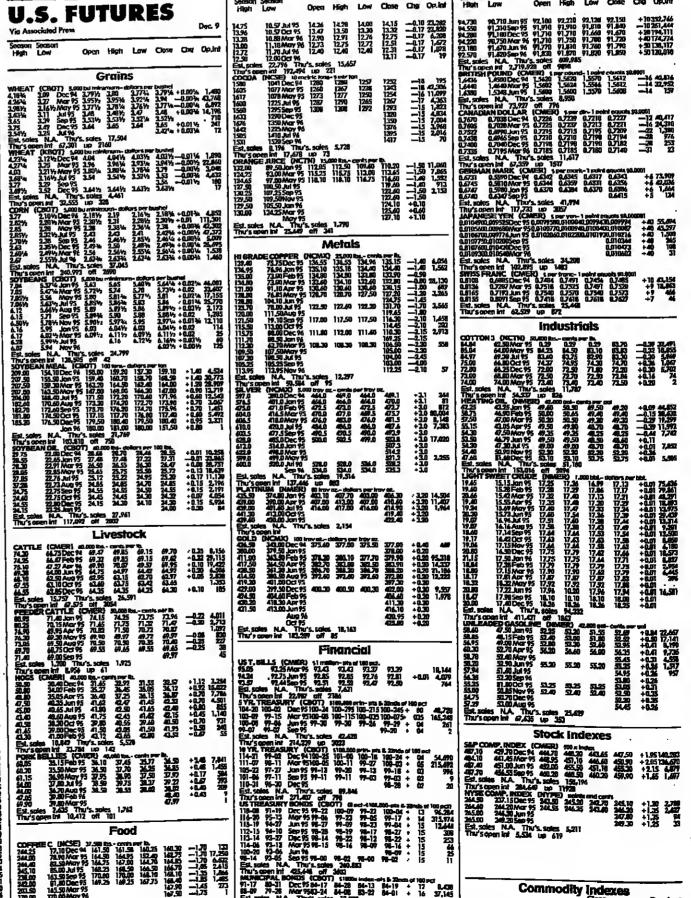
#### American companies have For the Record doubled sales in a decade, mak-

ing Latin America the only re-Tele-Communications Inc. said Friday that it had struck an agreement with the Federal Trade Commission allowing it to buy gion where the United States enjoys a trade surplus. By the end of the 1990s, the United TeleCable Corp.'s cable systems.

Warren Buffett said Friday that he planned to remain on the board of USAir Group Inc. The investor had threatened to resign unless the airline could come up with a cost-cutting plan with

## **WORLD STOCK MARKETS**







hailand's central location, combined with intensive efforts an the part of the gavernment and the private sector, have transformed the cauntry into a dynamic powerhouse, the gateway ta Indachina for international businesses and a hub of air travel throughaut the region. Bangkok's Dan Muang International Airport serves a larger number of carriers than any other Asian facility, with a total of 73 scheduled and chartered airlines, while the capt of the ff offers a unique array of advantages that include affordable five-star hotels, great restaurants, the cheapest affice rents in Asia. a competent labor force and a sophisticated system of instant worldwide telecammunications that includes two satellites launched within the past year.

Bel Charter

The country as a whole covers some 514,000 square kilometers, roughly the size of France, and consists of four major regions that vary widely in scenic attractions for travelers of

all tastes. In the far North, rugged mountains rise to more than 2,500 meters, and temperatures drop sufficiently in winter months for the cultivation of such temperate fruits as strawberries and litchis; exotic tribal people live in remote villages at higher altitudes, trained elephants work in the forests and more than a thousand species of native orchids bloom in the trees.

The northeast is a rolling plateau stretching to the broad Mekong River, over which the first bridge linking Thailand and Laos was opened earlier this year. Khmer ruins - the most imposing outside Cambodia itself - bear testament to the region's ancient past, while it is also noted for its spicy cuisine and such crafts as shimmering Thai silk.

Rice bowl of Southeast Asia The fertile central plains, guarded by mountains on three sides from extremes of weather and sudden invasions by outsiders, is one of the world's greatest rice-growing areas and has been the scene of Thailand's

most intense cultural and economic

development. Four capitals have

its fields, rivers and seas, has made it a cultural crossroads since prehistoric times. The Thais themselves established their first kingdoms nearly a thousand years ago and maintained their independence throughout the period of Western colonization - the only country in Southeast Asia to do so. Today, Thailand's central position remains as significant as ever, as can be seen in the key role it plays in contemporary regional development.

Through such groups as the Association of South East Asian Nations



Thailand launched its second satellite in October and now has its own telecom system.

The south, a long, narrow peniosula extending down to Malaysia, is bordered by two coastlines, one on the Gulf of Thailand and the other on the Indian Ocean. Seas rich in marine life are flanked with jungleclad limestone cliffs and picturesque beaches only discovered by Western tourists in the past few decades.

Thailand's geographical location,

on the winding Chao Phraya River. (ASEAN), an outgrowth of the Association of Southeast Asia (ASA) founded by Thailand, Malaysia and the Philippines in 1961, it is a leader in promoting regional trade and po-litical stability. Besides the original members, ASEAN now includes Indonesia, Singapore and Brunei, and there is talk of extending membership to other neighboring countries. Thailand has also become a major

combined with the natural wealth of force in the economic development of Vietnam, Laos and Cambodia through both assistance programs and business ventures. Many international companies now use Bangkok as a base in their dealings with the countries of Indochina, especially Vietnam, all now a short flight from the Thai capital.

Thailand's own growth as it has moved from a primarily agricultural economy to an industrial base is one of the legendary success stories of modern Asia.

Tids is apparent in statistics show ing an annual economic growth rate of more than 8 percent (compared. with a global rate of 3.2 percent) and exports forecast to rise this year by 14 percent over 1993 and to pass the one-trillion-baht (\$40 billion) mark for the first time.

Skyscrapers and satellites

At the same time, the country is consolidating its position of leadership with constant infrastructure improvements. The launching of two satellites - the second in October of this year - means that Thailand now has its own complete telecommunications system and no longer needs to rely on regional systems. To meet anticipated future demands, a third one, Thaicom-3, is planned for launching by 1996. A superb highway network linking every region. modern industrial estates with convenient export facilities, international airports in a number of provincial capitals and heavy public and private investment to meet environmental challenges are other clear manifestations of the nation's prosperity and commitment to development.

### HOTELS THAT SOOTHE THE BUSINESS TRAVELER

beyand the stan-Of the top 100 hatels in the world, accarding to the latest survey canducted by the business-oriented American magazine Institutional Investar, four happen ta be in Bangkok. In the number-ane slat is the celebrated Oriental (which was also first for 10 consecutive years after the survey began in 1981), while the Regent is fourth; two others, the Shangri-La and the Dusit Thani, came in 30th and 80th respectively on the

Add to these a dozen or so other deluxe properties, among them local representatives of such international chains as the Hilton International, the Royal Orchid Sheraton and the Grand Hyatt cations such as fax ma-

prestigious list.

offer services well clear that Thailand's capital suffers from no shortdard amenities. age of world-class accommodations, along with the sort of personalized service rarely found elsewhere. Moreover, in this case superior quality does not menn a high price tag. Thai hotels today offer the best value for money to be found anywhere in Asia or, for that matter, the world.

> Business made easy Business travelers in particular, an estimated 10,000 of whom now arrive in Thailand every week, can profit further, since nearly all the fourand five-star hotels are making a determined effort to attract their lucrative custom in a variety

of ways. All, for example, now have sophisticated business centers offering the latest in rapid communi-

angkok's hotels Erawan, and it becomes chines and international telephone lines, personal computers, secretarial and translation services, photocopying and rooms for meetings and work. Most also offer executive floors, which create an intimate atmosphere with private lounges, special staff and oversized rooms equipped with direct faxes and other amenities.

The Grand Hyan Erawan, where an estimated 80 percent of the guests are business travelers, offers a 17th-floor Club Lounge with a separate check-in desk, free coffee and tea all day and a 24-hour concierge team as well as a fully equipped business center. The Dusit Thani has a whole floor for business guests, with an executive business center, a special lounge and three-room suites with conference rooms that can accom-

Continued on page IV

"THAILAND: HUB OF ASIA"

was produced in its entirety by the Advertising Department of the International Herald Tribune, WRITER: William Warren is a longtime resident of Thailand and author of "Thai Style" and "Thailand the Beautiful Cookbook." PROGRAM DIRECTOR: Bill Mahder.

Photos, clockwise from top: Don Muang International Airport, dynamic Bangkok, an auto assembly plant, shopping in a Bangkok department store.

# ALL MANNER OF CONVENTION FACILITIES

tary Fund and World Bank elected to hold a major conference in Bangkok, the first plan was to hold it at a hotel that offered extensive convention facilities. On consideration, how-ever, the Thai Ministry of Finance decided an even more spacious and centrally located venue was required, and set about building a brand-new center, complete with the most modern equipment available.

The result, completed in record time, was the Queen Sirikit National Convention Center, now Bangkok's most popular facility. The center has been the site of dozens of conventions, trade fairs and assorted exhibitions. Nearly 50 are sched-uled for 1995, ranging from boat shows to a meeting on environmental matters.

The ESCAP center An even newer but equally comprehensive facility is the multimillion-dollar marbleclad conference center built for the Economic and Social Commission for Asia and the Pacific (ESCAP), at-

tached to the United Nations

building, Originally intend-

Sampling local color includes spicy Thai cuisine.

n 1992, when the International Mone-the center can now be leased by outside private groups that want to take advantage of its unusual array of amenities. These include spacious exhibition areas, numerous conference rooms, state-of-the-art audiovisual equipment, a restaurant operated by an outside hotel, lush tropical gardens for relaxation and

the latest in security devices. Most of the major hotels are also well-equipped for holding conferences on a lesser scale, offering a wide range of options.

In or out of town These and similar facilities. plus the city's superb hotel accommodations and other attractions, have made Bangkok a popular place with convention organizers.
Already scheduled for 1996 are conferences of the Pacifical Accordance. ic Area Travel Association, the Universal Federation of Travel Agents Association and the Asian Regional Chapters of Rotary Interna-

Thanks to an excellent highway system and easy connections by air, many provincial areas are becoming increasingly popular with groups that want to combine serious husiness

with relaxation. Between Nov. 4 and Dec. 16 of next year, to cite one example, the Thai government is host-ing Worldtech 95, an international exhibition of agricultural and industrial technology, in Nakhon Ratchasima, the fastest-growing

other hotels in the northern city offer both high-quality meeting facilities and an opportunity to explore one of Thailand's most popular

provincial destinations.

Pattaya, on the east coast of the Gulf of Thailand, has long been internationally



Bangkok's major hotels offer meeting rooms, banquet halls and multimedia facilities as well as luxurious ambience.

province of the northeast. The event, expected to attract more than 200 companies from 30 countries, will be held at a modern new fa-cility called the Technopolis, located on the campus of the Surananee University of Technology, and will introduce participants to a relatively little-known region now regarded as the gateway

to Indochina. Already well-established as a popular convention site is the Rose Garden, about an hour's drive southwest of Bangkok, where delegates can stay in either modern or traditional-style bouses.

Mountains and beaches In Chiang Mai, the large new Westin Hotel overlooking the Ping River was the venue for a recent conference of ASEAN economic ministers. This and several

renowned among travelers in search of sun and a lively

atmosphere. Several hotels, such as the luxurious Royal Cliff, the Royal Garden and the Siam Bayshore, have become selfcontained mini-resorts with a full range of conference facilities and amusements, all available within the same compound.

The southern island of Phuket is becoming equally popular as a meeting site. The Meridien, which boasts its own perfect crescent of white-sand beach, has a spacious conference hall, several smaller meeting rooms and, with 464 rooms, the capacity to hold a large-scale assembly. The Laguna Phuket, an integrated resort complex convenient to the island's international airport. contains five hotels, golf

courses and a health spa.

There's no limit to the treasures you can discover in the Kingdom.



"Royal Grand Palace and The Emeruld Buddha Temple ", Bangkok

hailand has almost too much to see and experience. But it's so easy to get to that you can keep returning to discover more. Throughout the year, festivals are celebrated with colorful processions, dazzling dances and spellbinding events. 1995 - 1996 will also offer many sparkling and unforgettable treasures as the Kingdom commemorates

the Fiftieth Anniversary (Golden Jubilee) Celebrations of His Majesty's Accession to the Throne.

So, come visit the Kingdom and let us help transform your dreams into reality ...

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For a FREE brochure on Thailand's many treasures, fill in and mail this coupon to: Tourism Authority of Thailand, 372 Bamrung Muang Road, Bangkok 10100, Thailand.



MANEGROW!

Rysmoeth c

# THAI AIRWAYS INTERNATIONAL SOARS AHEAD

top-notch fleet, highest-stondard services and o new alliance are Thai Airways International's key ossets. A substantiol part of the credit for Thoiland's emergence as o leoding business gateway to Asia belongs to the oirline. With over 30 years of experience and countless innovations

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travel not only regionally but worldwide, the oirline is currently developing on o variety of fronts to hecome o truly global carrier and offer even more advantages to

THAI's present fleet has been carefully selected for suitability on various routes. It includes such technologically advanced planes as 15 that have transformed oir B-747s, of which seven are



CELEBRATING THAI'S 35th ANNIVERSARY

the latesi-model B-747-400s, as well as 10 B-737s, four MD-11s, three DC-10s, 26 Airbuses and smaller craft for certain domestic destinations. The average age of these is 5.6 years among the youngest in the airline industry,

> Constant fleet upgrades New aircraft are constantly being added to keep the fleet competitive with those of other major world carriers. Now on order, for example, are five more 747-400s and eight of the new 777s, the latest of Boeing's super-sophisticated international aircraft. Another 12 Airbuses have also been ordered, eight of them the new A-330-300s, scheduled to join the fleet in early 1995.

THAI now flies to 72 destinations in 36 countries. Of these, 21 are within Thailand and 31 are elsewhere in Asia, more than any other airline and one of the factors that have made Bangkok a major hub for business travelers in the region. During the fiscal year 1992-93. 10.21 million passengers flew on THAI, passing the 10 million mark for the first time and representing an 18

previous year. THAl also ranks among the world's top 20 cargo carriers, having transported more than 419,000 tons of air cargo in

THAI's maintenance operations at Bangkok's Don Muang International Airport are some of the most modern in Asia, with a staff of 3,900 highly qualified engineers, technicians, mechanics and other specialists, while its catering division is one of Asia's largest commercial organizations of its kind.

Service and sensitivity to

the specific needs of travelers are areas in which THAI has been a pacesetter since its earliest days. From such relatively small touches as the fresb orchid presented to female passengers oo international flights and imaginative meals to more practical considerations like reliability and regular upgrading of facilities, the airline has created an image widely admired (and imitated) in the industry.

What the polls say This is also reflected in numerous passenger surveys. One of the latest, conducted percent increase over the by a leading newsmagazine,

ranked THAI among the top four airlines preferred for travel within Asia. Another, a Business Traveler Asia-Pacific poll, ranked it among the top six choices as "favorite airline for business."

Packages made to order Special programs launched by THAI have helped coosolidate this image. Royal Orchid Holidays, for example, started in 1969, gives customers the freedom of choice associated with individual plans combined with the cost-saving advantages usually found only in group

package tours. The choice varies from brief stopovers io all the chief destinations served by the airline to more comprehensive tours that include an entire region and that cater to special interests.

Another notable success has been Royal Orchid Plus, THAI's frequent-flyer program, which was launched last year and already has 250,000 members. As in the case of Royal Orchid Holidays, this includes a number of innovations that make it different from the programs being offered by other airlines. Members earn mileage on all three classes of travel,

for example, and on both international and domestic flights. The rewards are not limited to air travel but also include unusual Experience Awards such as a golf game at a country club in Phuket,

ao Andaman Sea cruise

aboard a luxury junk and

eveo a full course of Thai cooking lessons at the Ori-ental Hotel.

Lufthansa alliance

The latest step toward offering greater benefits to travelers is an agreemeot signed betweeo THA1 aod Lufthansa, which will come into effect next year. This will result in code-sharing on flights, thus making possible smooth transfers between the two carriers, a reduction in travel time for passengers, a greater variety of flights, sharing of lounges and terminal facilities and merging of the airlines' frequent-flyer programs beginning in February 1995. Both booming business world.

THAI is constantly upgrading its fleet as well as its service-including fresh orchids on the house.

airlines have also signed agreements with United Airlines undertaking similar co-

Lufthansa agreement, THAI president Thamnoon Wanglee said: "Air travel in the future will become cheaper, as we do not have to fly everywhere due to the alliance. It will lead to savings on the cost side, as Lufthansa will take care of European destinations, United of North American stops and THAI of Asian destinations." Through such constant improvements in the already-extensive benefits it offers air travelers, THAI is steadily strengthening its position as an airline leader and a powerful force in Asia's



## HOMEGROWN FRUITS, SILK, GEMS AND CERAMICS BRING IN FOREIGN EXCHANGE

othing better illustrates Thaidevelopment over the post decade or so than its booming export industries.

From being beavily dependent on agricultural commodities as a source of foreign exchange - in 1960, less than 3 percent of its exports were manufactured products - the country moved to a position where by 1990 almost 70 percent of its exported goods were produced in factories employing the latest modern technology and quality control. In some categories, such as processed foods and gems and jewelry, it now ranks at or near the top of world suppliers.

Market basket of products Many exports are still based on agricul-

those of the past, when Thailand relied land's remorkable economic on rice - for over a century the single largest earner of foreign exchange and other such traditional crops as sugar cane, cassava and maize. Today, the country has become an agro-industrial leader, combining its natural abundance with state-of-the-art production facilities to produce a wide range of food products.

Canned, preserved and frozen seafood, for example, now constitutes a major category of export products. Some are made with local products, while others are imported for processing in Thai factories. These include canned tuna, sardines, baby clams. crabmeat, Pacific salmon, quick-frozen mackerel, sea bass, prawns and rock lobster. The importance of this category is reflected in 1993 exports of canned tuna alone: some 200,000 metture, but in a very different form from ric tons, valued at 11.35 billion baht.



All silk for the costumes in "The King and I" came from one small village in Nakhon Ratchasima province.

Not too long ago, most people associated pineapples almost exclusively with Hawaii. The last Hawaiian plantation closed down several years ago, bowever, and today the canned pineapple slices and juice found on the world's kitchen shelves are more than likely to have been processed in Thailand. In 1992, an estimated 470,000 tons of canned pineapple and 80,000 tons of juice were exported, with Japan and the United States representing the principal markets.

The demand for other products of Thailand's fields and orchards is growing as well. Such fruits as rambutan. litchi, mango, jackfruit and grapes are being canned on a large scale, while vegetables include various kinds of mushrooms, bamboo sboots, baby

corn, asparagus and tomato products. The poultry sector, one of the outThai agro-industry, cow operates on an enormous scale, its major export products being fresh and frozen chicken and duck meat as well as eggs

Native materials and crafts

Thailand bas long been noted for its distinctive crafts. Many popular exports fall into this category, among them artificial flowers made from both natural and synthetic materials, imaginatively designed toys, furniture and handwoven silk and cotton.

Thai ceramic products, with a long and illustrious history going back more than seven centuries to the first capital, Sukhothai, are now the basis of an export industry that amounts to more than 3.5 billion baht a year.

Precions stones

If one had to select a single example to standing achievements of the current illustrate the initiative and marketing

skills that characterize the Thai export scene, a good choice would be the gems and jewelry industry, which has zoomed from being almost nonexistent to a position of world leadership.

In 1976, the Thai Gem and Jewelry Traders Association was formed to encourage gem exports and raise the quality of locally made jewelry. The number of skilled gem cutters consequently grew remarkably, from only a few hundred in the 1950s to a present force of around 100,000.

As a result, gem and jewelry exports now rank as one of the country's major foreign-exchange earners. Between 1988 and 1992, export values of the two rose from approximately 25 billion baht to 45 billion baht; many experts in the trade believe the figure will reach 100 billion baht within the next five years. Thailand is the second-largest exporter of cut gems after India.

Fly smooth as silk to over 70 destinations around the world.



Smooth as silk is over 4,000 take-offs and landings a week worldwide. It's flying to twelve destinations in Europe, five in Australasia, Los Angeles in the U.S.A., and more destinations in Asia than any other airline. Smooth as silk is Thai's renowned Royal Orchid Service. It's Royal Orchid Plus, the frequent flyer programme with all the pluses, no matter which class you fly. It's a network that now spans the globe. Fly Thai. The airline that's smooth as silk. inverse to steep a make. The species and see that wend to be supplied and see that wend to be supplied and see the control of coming year.

New Year's

Dec. 31-Jan. 1 This is enjoyed with as much gusto in Thailand as anywhere clso, with parties and present giving. A special treat this year a it be the intigural ceremonies: launching a two year celebranext of His Majesty the King's of Golden Jubilee, held at Sanain Lucing near the Grand Palace on a the evening of Jan. 1. with a car dance performances and fireworks displays. A series of similar events will be held in every provincial capital on the same might

> Chiang Mai Flower Festival

Feb. 3-5 The north is notable for its rich variety of flowering plants, particularly the temperate-zone specimens that are at their best during this cool month. Spectacular floral floats are a memorable feature of the three-day festival held in Chiang Mar, along with its attendant flower displays, handicraft sales and beauty contests.

> Songkran April 12-14

The traditional That New Year is celebrated in every city and village on this occasion, a blend of solemn religious ceremonies. and public festivities. Revered Buddha images and respected elders are ritually sprinkled with lustral water during the religious ceremonies. The rest of the time, almost anyone on the street is liable to get a thorough soaking, all in a spirit of goodnatured fun.

#### Yasothon Bun Bangfai Rocket Festival · May

For this annual festival, held in Yasothon, northeastern villagers fashion rockets of all kinds. some several meters long, the launching of which is believed to ensure plentiful rains in the coming rice-planting season. High-spirited revelry accompanies the event, along with beauty parades, folk dancing and stage shows.

> Candle Festival July 11-12

The commencement of the Buddhist Rains Retreat (known in Thai as Khao Phansa) is observed in the northeastern city of Upon Ratchathani with this lovely festival, which displays artistic skills as well as piety Beautifully carved candles; some of them up to several meters tall, are exhibited in colorful parades before being presented, to local temples.

> Lov Krathong Mid-November

Perhaps the loveliest of all Than festivals, this one honors the water spirits who play such a significant role in the nation's life. Small benana-less boats in the shape of lotus plossoms. adorned with flowers, candles and moense sticks are set adult on waterways throughout the kingdom in a hambing spectrack that is held under the light of a full moon...

> His Majesty the King's Birthday

On this day, the great respect all That's feel for their the 12.7 is reflected in the elaborate deco rations that adorn pulphe and private buildings. A month of the control is held beautiful and Palace, which as informated for the control is a second to the control of the

Avuithaya World 14 in Site C-4 bit duas Bec 13-17

Held in the Ayuthaya Held in the Ayuthaya Held in the Ayuthaya Held in the glories of the ancient of the half designated as a World Heritage Size by UNESCO in 1991. The event features historical emiliations traditional cultural processions and performances; sind-sound and light presentations as the city's ruins.

# REFRESHING **G**ETAWAY Breaks – INCLUDING AN ECLIPSE

ven the hardest-working businessperson or convention delegate needs a break now and again. Thailand offers as many enjoyable ways to relax as any country in the region. These cover a broad spectrum, from familiar sports in unusual settings to one-of-o-kind experiences with o truly exotic appeal.

There is golf, for instance, which was taken up enthusiastically by Thais back in the early years of the century, when the first links were laid out at the Royal Bangkok Sports Club. In the 1920s, a far more ambitious course, described as "second to none east of Suez," was built at the seaside resort of Hua Hin on the Gulf of Thailand, linked to the capital by railroad.

Tournament golf courses

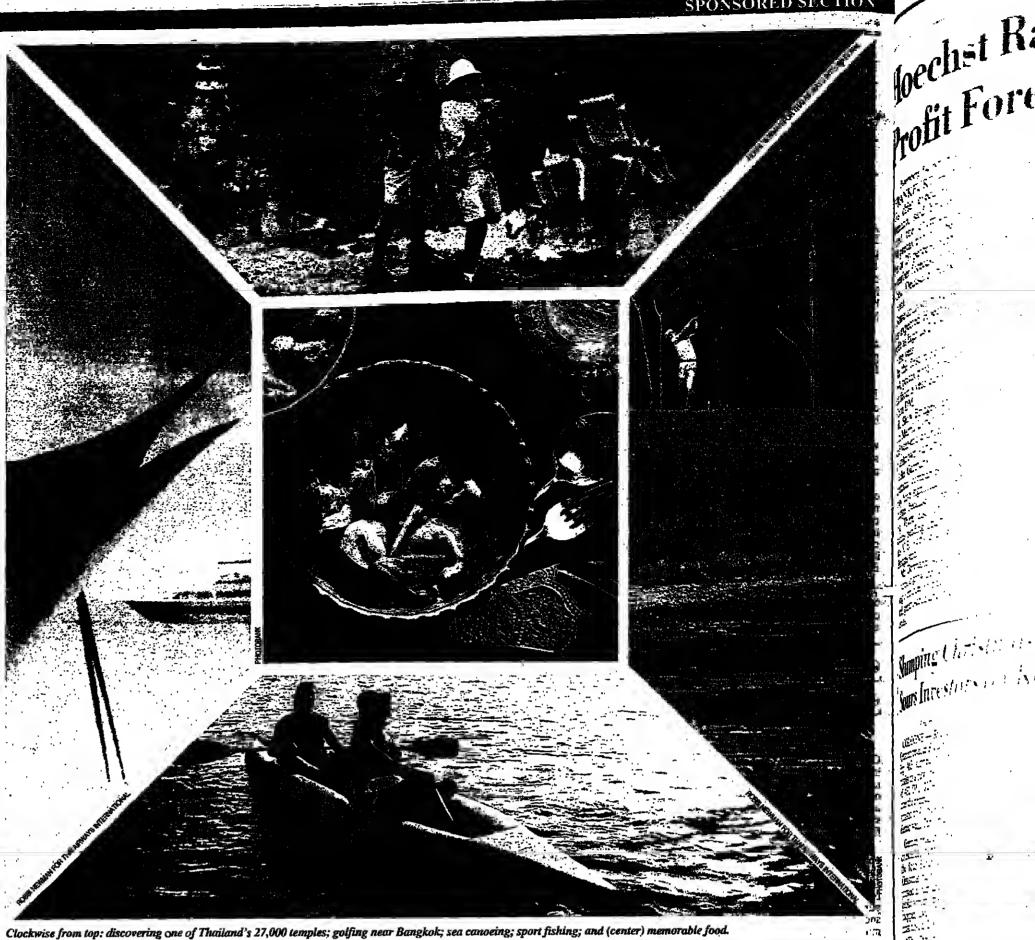
Today, there are nearly a hundred courses throughout the country, several of them designed by such international experts as Rohert Trent Jones and Robert McFarland, and many a local business deal is consummated on the greens or in n well-appointed clunhouse. Some of the best, not surprising. ly, are in the Bangkok area; Navatanee, for example, was the site of the 1975 World Cup Tournament, while the Rose Garden, southwest of the city, was awarded a silver medal by Golf Magazine in 1989 as one of the finest golf resorts in the world.

Other top-class facilities are located outside the capital near popular travel destinations. The Siam Country Cluh and the Bang Phra Golf Course are both convenient to the beach resort of Pattaya, while the Lanna Golf Club in Thiang Mai has a speciacular setting at the foot of Doi Suthep Mountain. Phuket has been the scene of considerable development in recent years; the Johnny Walker Swing Tournament was held last year at the 18-hole Blue Canyon Country Cluh, which Gary Player pronounced "as good as any I have played on anywhere in the world." Other outstanding courses on the island include the Banyan Tree Cluh and the Phuket Country Cluh.

Eastern and Oriental Express

For those with a little extra time to spare, there are more unusual diversions. It is possible, for instance, to sample the luxurious comforts of the new Eastern and Oriental Express without going all the way to Singapore on its regular run; during the train's overnight layover in Thailand, it makes a special excursion to the famous Bridge over the River Kwai and then to the ancient capital of Ayutthaya, re-

on a traditional all-teak rice harge from



staying either one or two nights on board. The barges have air-conditioned cabins with baths, plus a crew to serve drinks and meals on deck, and they visit such riverside sights as the Bang Pain Summer Palace and Ayutthaya.

Using Phuket as a base, other cruises are available on a variety of crafts. These range from multipassenger liners to Chinese junks and chartered liveaboard yachts that can he used for deep-sea fishing or to explore scenic attractions like Phang Nga Bay, where hundreds of limestone islands rise dramatically from the sea, and the more remote Similan Islands, famous for eir superb scuha diving. Also popular One can also take a romantic cruise with a growing number of ecologyminded travelers is the sport of sea ca-

and nearby Krahi offer trips through spectacular marine scenery that includes a number of magical caves accessible only by boat.

Mountain nature treks

Up north, from either Chiang Mai or Chiang Rai, adventurous excursions can be made into the surrounding countryside. One of the most popular is an elephant ride through the jungle, supervised by skilled attendants and lasting anywhere from a few hours to a full day. In addition, there are assorted treks available along scenic mountain trails into the region where Thailand borders Burma and Laos, and where colorful tribal groups make their home.

Throughout the country, more than

pursuits like hiking and wildlife viewing. Khao Yai National Park, only a few hours by car from Bangkok and se-lected as an ASEAN Natural Heritage Site, offers over 300 migrant and resident species for the dedicated birdwatcher, while Huai Kha Khaeng in the north, added to the list of World Her-itage Sites in 1991, has even more hird

There are miles of alluring, whitesand beaches at such resorts as Pattaya and Hua Hin on the gulf and Phuket on the Andaman Sea. Some might prefer a Bangkok up the Chao Phraya River, noeing; several companies in Phuket 50 areas have been designated as na- Hua Hin and has both Thai and West- provinces.

tional parks, most of them ideal for em-style pavilions, health-food restaurants and a staff trained in a wide range: of health and beauty treatments. Another, part of the integrated Laguna Phuket resort, is the Banyan Tree Luxury Spa, with four private spa payarions, six different types of massage into a selection of therapeutic body wraps?

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Total solar eclipse

Visitors fortunate enough to be in the country next year on Oct. 24 can look forward to a most unusual sort of getaway diversion: a rare total solar eclipse, the fifth of its kind Thailand, few days of being pampered in a luxurious spa, two of which have opened outside Bangkok in recent months.

Chiva-Som is located on the beach at Nakhon Ratchasima and Sa Kaeo-

### KEEPING THE ENTIRE FAMILY AMUSED

an o business trip be combined with a family holiday? As far as Thailand is concerned, the answer is definitely offirmotive, for the country offers o broad selection of activities and attractions to suit all age

If the family includes a cook eager to add some unusual dishes to his or her repertoire, the venerable Oriental Hotel offers a five-day course in the art of Thai cuisine. Hands-on classes are held each moming in an atmospheric loca-tion across the river, and by the end students have not only learned all about the basic ingredients, but also mastered the skills needed to produce everything from snacks like spicy meatballs wrapped in crisp golden noodles to subtly flavored curries and sweets.

Thai traditions

The Oriental also has a comprehensive afternoon course in Thai culture, which covers such topics as art, Buddhism,

theater and social traditions, and includes several river trips to places of historic interest.

The classic arts of Thailand can best he seen and appreciated at one of several museums and private collections open to the public. Among the most prominent are the National Museum, one of the largest in Southeast Asia; Vimam Mek, an 81-room palace huilt of golden teak and restored by Her Majesty Queen Sirikit: Suan Pakkad Palace, the former residence of a royal prince, which displays a large collection of art and personal belongings; and the Jim Thompson house, the traditional Thai-style home of the American who revived the Thai silk industry.

Toyland and theme parks

Younger children are not limited to the hotel swimming pool for amusement. Several of Bangkok's leading department stores, such as Central, Sogo and Robinson's, have entire floors devoted to keeping them happy, with electronic games, merry-go-rounds, humper cars

and magic shows; the Mall Shopping Center on Ramkhamhaeng Road even has an indoor ice-skating rink.

In addition, a number of theme parks are located in or conveniently close to the capital. Magic Land and Dream World both feature Ferris wheels, roller coasters and other rides, as well as special shows and exhibitions for children. Siam Water Park has a lake with beaches and man-made waves, a river flow-pool and several exciting water slides, while Safari World has a large selection of wild animals such as lions. tigers and elephants in natural surroundings and another area devoted to marine creatures.

Thailand in miniature

Young and old alike will enjoy the Ancient City, about an hour's drive from Bangkok, which offers a mini-tour of historic Thailand on a 200-acre site laid out like a map of the country; some of the structures are scale replicas, while others, such as a traditional village on water, are original buildings carefully

The marine show at Safari World, where lions, tigers and elephants can also be seen in natural settings. moved and reconstructed. Not far away

is Crocodile Farm, allegedly the largest

of its kind in the world, where a regular show is given daily by fearless employ-ees. Elephant rides are also available. Other treats for the young can he found in popular provincial destinations. Just outside Chiang Mai, for example, in the beautiful Mae Sa Valley, elephants demonstrate their skills at

log-pulling and are available for rides

through the forest. On the same road, there are butterfly farms and dazzling orchid nurseries.

Convenient to the seaside resort of Pattaya are two extensive pleasure parks: Ocean World has huge tanks teeming with dolphins, sharks and brightly colored coral, while Pattaya. Park offers visitors a water theme with exciting slides, flumes and swimming:

# HOTELS THAT MAKE THE BUSINESS TRAVELER'S LIFE EASIER

Continued from page I

modate a meeting of eight people. The Landmark, one of the first aimed specifically at business guests, offers a 24-hour center, a 30-page electronic directory of local business contacts and access to the hotel's mainframe computer to send faxes and telexes.

Some provide outside assistance as well. The Regent, for instance, can furnish an eight-passenger minihus with driver, car phone and fax for executives who want to get around Bangkok on site-inspection trips.

When work is over

When not at work, visiting executives can find relief from stress in a variety of healthful ways on the premises. At the Hilton International, they can work out at a Clark Hatch Physical Fitness Center, play squash or tennis, or jog

along the winding pathways of the hotel's extensive tropical garden. The Regent, the Dusit Thani, the Shangri-La. the Grand Hyatt Erawan and most others have similar health centers. Perhaps the ultimate in such facilities

is the Oriental's recently opened \$4.5million health spa across the Chao Phraya River from the hotel. Here, in sumptuously decorated surroundings, a newly arrived executive can be soothed with a special jet-lag treatment, relax in a Thai herbal bath or get a traditional massage. Another alluring feature is a menu composed of "spa food," low in calories but given a special zing by Thai chefs.

A water taxi, please

Time is valuable to most business travelers, and Bangkok's traffic often conspires to waste a good deal of it. With this in mind, three of the leading river-

side hotels - the Oriental, the Shangri-La and the Royal Orchid Sheraton - recently inaugurated a joint water-taxi service to ferry guests up the Chao Phraya to Don Muang Airport, Another property on the river, the Marrion Royal Garden Riverside Hotel, has its own 40-passenger waterjet-powered catamaran to make the trip available to outsiders as well as guests.

For those of its guests who are really in a hurry to eatch a flight, the Shangri-La has a helicopter service that takes off from the rooftop and makes the trip in just eight minutes.

Videoconferencing links

The Thai government is also taking steps to facilitate husiness activities for visitors. One of the latest, just launched by the Communications Authority of Thailand, is a videoconferencing service linked with 13 countries, six in

Asia and the rest in Europe. More countries will eventually be added to the link, which provides live motion pictures, voice and data transmission. Those clients whose communications circuits are linked with CAT can have the video service set up in their own of-

Another official service is aimed at the many foreign husinesspeople who want to set up contacts with Thai manufacturers and thus participate in the country's booming export industry. The Department of Export Promotion (DEP), under the Ministry of Commerce, was set up specifically to meet such needs, as well as to promote Thaimade goods abroad.

Showcasing Thai goods

The DEP has a number of trade centers in capitals abroad, and also works through the commercial counselor's of-

fices attached to Royal Thai Em bassies. Its Bangkok headquarters, convenient to the airport on Rachadapisek Road, contains permanent exhibition. halls displaying quality Thai products from some 200 leading manufacturers. and exporters. In addition, it stages frequent trade shows - nine in 1994 - de voted to such products as gems and jewelry, ready-to-wear clothes and fashion accessories, leather goods. crafts, gift items and household prod-

The DEP not only helps prospective importers to identify trade opportunities, but also assists in other ways by: arranging hotel accommodations and transportation, scheduling meetings; and factory visits with potential suppliers and providing offices with those in dispensable standard business facilities such as telephone, fax and photocopy. ing - all free of charge.

# Hoechst Raises Profit Forecast

FRANKFURT - Hoechst AG's chief executive, Jürgen Dormann, said Friday he expected the chemical giant's 1994 pretax profit to be 10 percent or 20 percent higher than his earlier forecast of at least 2 billion Deutsche marks (\$1.3 billion).

Some analysts have said that they expected Hoechst to post profit as high as 2.5 billioo DM

for the year. In the first nine months of 1994, pretax profit rose 83 percent from a year earlier, to 1.69

billion DM R. Shaw Bridges, an analyst with Merrill Lynch in London, said year-end charges were still an unknown variable.

Like Germany's other large chemical companies, Hoechst may have significant year-end charges because of restructuring. There also are damage claims pending against one of its U.S. subsidiaries, Mr.

Bridges said. Mr. Dormann said Hoechst gented to grow through acquirng companies in pharmaceutical, generic-drug and diagnostic

He said the company was dis-cussing the possible acquisition of Syva Co., the diagnostics subsidiary of Syntex Corp. of California.

Syntex was acquired this year by Roche Holding AG, the Swiss drug and chemical company. As a condition of final approval for the S5.3 billion acquisition, the U.S. Federal Trade Commission required Roche to sell Syva to maintain competition. Syva is a major provider of tests that detect ille-

Mr. Dormann declined to say whether the company would raise its dividend from the seven marks per share paid in 1993.

The company will at least maintain the 1993 dividend payment, and, "I'm favoring a decision which will respect the interest of our sbareholders," Hoechst sbares rose 2 DM Friday, to 308.50.

Mr. Dormann also said there was "no truth" to recent specu-lation in the German press that Hoechst might be interested in acquiring Metallgesellschaft AG, the troubled metals and mining conglomerate.

### Slumping Christmas Revenue Sours Investors on Kaufhof

COLOGNE - Shares in the German retailer Kaufhof Holding AG slipped 5 Deutsche marks to a new low for the year of 432 DM (\$274) on Friday after the company issued a pes-simistic profit outlook that reflected weak Christmas sales.

German retailers depending on extended shopping bours on the fonr Saturdays before Christmas have been disappointed as rain and a one-day public workers strike have kept shoppers away. Shops usually must close at 2:00 P.M.

"The Christmas shopping season has gotten off to a bad start," a Kaufhof spokesman

Kaufhof said weak consumer spending noticed in the first nine months of the year was cordinuing in the fourth quarter. "We must presume that there will be noticeably smaller group operating profit in 1994,"

the company said. Volume at the retailer's department store divisions fell 6.2 percent, to 8.2 billion DM (\$5.2 billion), in the first nine months. Overall sales rose 18.7 percent, to 19.5 billion DM, because of the acquisition of the rival retailer Horten AG.

■ Munich Writedowns Rise Münchener Rückversicherungsgesellschaft AG said writedowns on its investment portfo-lio in the year to June 1995 will be higher than the 400 million DM a year earlier, said Hans-Jürgen Schinzler, the compa-

ny's chairman, AFP-Extel News reported from Munich. He said at a shareholders' meeting the causes were worsening conditions on financial markets and an unexpected rise in international rates.

# A Disappointing Year Hopes for Change at Air France Stall

PARIS - When the French government lapped Christian Blanc a year ago to run its beleaguered national airline, critics of Air France had high hopes.

Mr. Blanc, 52, was a civil servant known for

his talents as a peacemaker. He was brought in after a prolonged strike by employees, who were furious about planned layoffs, crippled Air France and forced out its chairman, Ber-

A year later, industry watchers are disappointed.

"After the initial flurry of activity, we've seen few signs of anything happening." one

consultant said. In July, Mr. Blanc decentralized management, dividing the airline into 12 profit centers to push cost controls to the operating level. He brought in the former United Air lines chief executive. Stephen M. Wolf, as an adviser to make up for his lack of airline experience. He won a 20 billion franc (\$3.7 billion) subsidy from the French government and pushed the aid package through the Eu-

ropean Commission Most recently, he has asked employees to swap pay cuts for company shares. They are expected to decide by Dec. 22.

As analysts see it, Mr. Blanc has not made the dramatic moves expected from an airline that posted a loss of 8.5 billion francs in 1993 but expects to break even before 1997.

Insiders say his hands are tied by the French government, which has promised no lavoffs and dares not impose changes that could produce a strike as French presidential elections loom. Mr. Blanc also has delayed dealing with Sabena Belgian World Airlines, of which it owns 25 percent. The carrier has been slow to upgrade service to keep pace with competition.

"He's not backed by a strong shareholder who will say 'Go ahead and fix it," said

Andre Clodong, an airline consultant. Even as Mr. Blanc seeks to cut costs by 30 percent, successful carriers such as British Airways and KLM Royal Dutch Airlines have been cutting cost for years, and they European airlines challenging the 20 billion francs in aid, if successful, could force Mr. Blanc to give at least some of that money back

to the French government. In April 1997, the European air market becomes fully deregulated. That means all European Union airlines can compete freely in one another's domestic markets. Many airlines are plowing considerable sums into

Insiders say the Air France chairman's hands are tied by the government, which dares not impose changes that could lead to a strike.

preparation, upgrading service to win cus-tomer loyalty and preparing for fierce compe-

In September, to prepare for the November competition for passengers from fast-train service through the English Channel Tunnel, British Airways spent £70 million (\$112 million) to revamp its business class in Europe. Air France did not react.

Air France also has not joined other airlines in offering low-cost, low-frills service on short routes.

One problem for Mr. Blanc is that the government fears creating social unrest since thousands of angry strikers demonstrated on Paris airport runways for more than a week in

So in September, when Mr. Blanc asked pilots to work more hours for the same pay. they threatened to strike. The threat made headlines. The French prime minister's office phoned Mr. Blanc, one insider said, and Mr.

Bertrand d'Yvoire, president of Parisbased Consultair, said be thought Mr. Blanc, with a history of good labor relations, was "the right man at the right time."

## **GEC Posts** 5% Rise in **Earnings**

LONDON - General Electric Co. of Britain said Friday that increased sales in its power, telecommunications and electropic component divisions sparked a 5 percent rise in pretax profit for the first half. It also said that it had trained

its sights on acquiring the sub-marine maker VSEL PLC. Profit before tax for the six months to Sept. 30 increased to £378 million (\$591 million) from £360 million a year earlier.

"The figures looked good, at the top end of expectations," said Brian Rusling, an analyst at Yamaichi International. "But performance in the second half in the key power and telecommunications units might not be as strong last year."

The results come just two days after Britain's Department of Trade and Industry referred the bid by GEC and a rival bid by British Aerospace PLC for VSEL to the country's antitrust body.

The referral to the Monopolies and Mergers Commission, which will be required to make its reports on the rival bids by March 15, was made because the bids raise issues of public interest and compension for the procurement of warships, according to Michael Heseltine, president of the Board of Trade.

GEC has offered a cash bid of 1,400 pence per share, valuing the submarine company at £531.7 million, while British Aerospace is offering 3.3 of its shares for each VSEL share, valuing the company at £573



#### **Very briefly:**

 RJB Mining PLC announced a £400 million (\$626 million) share issue to help buy the English operations of the British Coal Corp. • Siemens AG said it would close a uranium processing plant in Hanau, Germany, because anti-nuclear policies of the state government made the factory uncompetitive.

 Airbus Industrie plans to launch a financing company on Tuesday that is expected to increase the European planemaker's ability to compete with Boeing Co.

· Skandia Foersaekrings AB, a Swedish insurer, will sell its German nonlife insurance company, Skandia Sachversicherung AG, to InterRisk Versicherungs AG.

FAG Kngeifischer Georg Schäfer AG, a ball-bearing maker, plans to post an operating profit of 100 million Deutsche marks (\$63 million) in 1994, following a 60 million DM loss last year. CS Holding, the Swiss financial services group, plans to abolish its two-tier share structure, replacing it with a single class of registered shares and lifting all voting restrictions.

### FORECAST: An Analyst Makes a Global Tour With His Crystal Ball

Continued from Page 9

with the Israelis. President Hafez Assad will oegotiate the return of the Golan Heights, thus restoring Syria's territory to the man who lost it in the Six-Day War a quarter century ago as Syria's defense minister. As president, Mr. Assad will seal the deal before the opposition Likud can win Israel's elections

Japan: "Long-term deflation will continue because no one in

least of all, Mr. Zonis said, the Ministry of Finance with its bias toward regulation and, against free markets.

Germany: The recovery will believe the key to success is simply to produce quality goods, and the world will buy. They are still living in the 1960s, before global competition."

Mexico: Mr. Zonis predicted

politics knows how to deal with this would be the one bright spot because the new president, Ernesto Zedillo Ponce de Leon, should help restore confidence and robust economic growth by taking cootrol of his party.

sputter at just above 2 percent The Group of Seven industri-because "most German firms al countries: "Disarray will continue in the post-Communist world, and rivalries between France and the rest will increase as nationalism resurfaces because of the disappearance of a commoo enemy. The United

States will increasingly with-draw from the world into its own internal quarrels, and political parties will be discredited

"Without their influence, the principal mechanisms invented by democracies to reduce the opinions of their people to a few manageable ideas will be discredited. The result will be greater instability in 1995 and an effort to create new parties based on ideologies appropriate to the world after the Cold War."

# Saudis Cut Spending by 20%

Compiled by Our Staff From Dispatches DUBAL, United Arab Emirates - Saudi Arabia will cut public spending by 20 percent in 1995 to help deal with an economic crisis triggered by a fall in oil revenue and the bill from the Gulf War.

King Fahd announced the cut in a speech carried Friday by the official Saudi news agency. The details are to be included in the 1995 budget, which will be published later this month.

The king acknowledged that the country was facing financial difficulties but blamed them on having financed the 1991 war, which is estimated to have cost more than \$50 billion.

Saudi Arabia already cut spending from \$52.53 billion in 1993 to \$42.66 billion this year. But King Fahd stated, "The Saudi economy is not unstable. Our currency is 100 percent guaranteed, and our reserves are secure." (AFP, AFX)

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# Quarterly Survey Shows Japan's Recovery Is Slow

ampiled by Our Staff From Dispotches

conditions than they were a three mooths ago. according to the Bank of Japan's Tankan survey released Friday.

But the quarterly survey confirmed that Japan's recovery is sluggish, analysts said.

Big companies revised their capital-investment plans downward. Their spending on factories and office equipment is now estimated to fall by 3.9 percent in the financial year, against an August forecast of a 3.8 percent decline.

This was rather surprising to financial markets and some people bought Japanese bonds," said Akiyoshi Takumori, chief economist at Sakura Securities Ltd. Bad news for the economy is often good news for bond prices.

Managers still said they thought their work forces were too large and they expected sales to be flat because of weak demand and falling prices, the survey indicated.

Of manufacturing companies, 37 percent said the economy was bad, fewer than the 46 percent that said so in August. The percentage that said conditions were good rose to 8 percent from /

Compared with the previous survey. large companies projected higher profit for the financial year. Executives perceived their inventories and production capacity to be less excessive than before, and they found banks more willing to lend mooey.

The quarterly survey is prized because it provides a glimpse into the minds of 10,000 corporate executives across Japan, polling attitudes toward a wide range of business concerns.

"It's an indication of the current psyche of corporate Japan," said Michael Hartnett, an economist at Smith New Court PLC.

TOKYO — Japan's corporate managers are feeling a little more optimistic about business Tankan is telling you," he added

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The key figure in the survey, the major manufacturers' diffusion index, improved to negative 29 from negative 39 ut August, this uidex has improved each quarter since reaching a negative 56 in February

But nonmanufacturers, who had been more opumistic than manufacturers, appeared to be having a harder time now the diffusion index for major nonnamufacturers edged up to negative 30 from negative 33 in August The results overall were at the low end of

expectations and sparked some selling on the stock market, traders said. The Nikkei Stock Average tell 1.05 percent to 18,978.30 (Bloomberg, AF Reuters)

■ Japan Seeks Deat on Financial Services

Japan will seek an agreement by the cut of this month in talks with the United States on opening Japan's financial-services market to more foreign competition, a senior Japanese Finance Ministry official sam, Reuters reported from Tokyo,

Among other things, Washington wants full access for foreign unvestment advisory firms to Japan's pension fund market and a relaxation of Japanese asset-allocation guidelines so that foreign investment managers have more flexibility

We saw progress in the latest round of talks and both nations will continue to make efforts. the Japanese official said at a briefing after the two countries concluded a three-day workinglevel meeting. No agreement was reached.

Separately, AFP-Extel News reported that Japanese and U.S. negotiators would hold working meetings on Dec. 17 on the issue of auto parts.

# Bears Hold Sway In Asia as Market Braces for Worse

HONG KONG - The Hong Kong stock market plunged more than 3 percent Friday, pulling other Asian markets down with it, amid concerns about possible rises in U.S. interest rates and the fullout from the financial woes of Orange County in California.

After U.S. shares fell to a three-week low on Thursday, Tokyo prices fell 1.05 percent, Singapore lost 1.75 percent and Sydney dropped 1.29 percent. Stock prices in Taiwan, Wellington, Manila, Seoul and Kuala Lumpur also posted sizable

Foreign investors were "basically selling anything they've got to raise cash, whatever the price," said Simon Gard of Kleinwort Benson Securities.

"People would rather go into bonds," said Simon Hurst, manager for Japanese equity sales at Smith New Court Securities. "Globally we're in a big bear market."

Hong Knng's Hang Seng index slumped 3.46 percent to a crossing low for the year of 7,789.07, while the Nikkei average ended 1.05 percent down at 18,978,30. The Australian share market ended lower on light volume, with the All Ordinaries index down 1.29 percent at 1,850.90, while New Zealand's capital index closed at its lowest point in

general trend. Among the chief vicums of the trend in Japan were shares of brokerages, which will be hurt if investors pull out of

16 months as the marker continued to fall in line with the

Subsidiaries of several Japanese hrokerages and banks have loaned money to Orange County, according to court records. Other companies the county listed as creditors in a court filing include Fuji Securities and Sanwa Securities.

Nomura Securities International was among several creditors that this week sold \$300 million worth of securities as collateral for loans to Orange County, according to traders. The company declined to comment. (Reuters, Bloomberg)

### China Sees **Output Drop** For Grain

Bloomberg Business New: HONG KONG — China's grain output will be 19.6 million tons below its own consumption needs oext year, according to an estimate issued Friday by the official State Information

The center's prediction, carried in the state-run China Securities newspaper, pegs Chi-na's total grain production next year to be between 459.8 million and 465.9 million tons.

The tally for this year's total grain harvest is not yet in, but foreign grain suppliers said they expected total grain output to fall 10 million tons from a total last year of 465 million tons. China has announced bans

on the export of cotton and rice. Grain-exporting countries are expecting Chinese grain purchases on international markets to roughly double this year, to about 10 million tons.

■ Industrial Production Up

Chinese industry produced goods worth 149.8 billion yuan (\$17.6 billion) in November, up 23.6 percent from the year-earlier period, the State Statistics Office reported.

The November expansion of industrial production compared with a year-on-year growth rate of 24.3 percent recorded for October.

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#### **Very briefly:**

Fiders IXI. Ltd.'s former chairman, John Elliou, was committed to stand trial in Melbourne on charges relating to a bogus multimillion dollar foreign-exchange deal.

. The Philippine Senate has postponed indefinitely a vote on the Uruguay Round pact under the General Agreement on Tariffs and Trade that had been scheduled for Friday.

• Takashimaya Co., the Japanese department store operator, plans to merge five of its affiliates to cut costs

 Alcatel Alsthom is forming a joint venture with Shanghai Bell Telephone Equipment Manufacturing Co. to make, install and maintain telephone equipment in China. Akzo Nobel NV has agreed to set up a joint venture with Tianjin

No. 2 Organic Chemical Plant to manufacture, market and sell organic peroxides for the polymer industry in China. • FLS Industries A/S, the Danish manufacturer of cement fac-

tories, won a contract to expand a cement factory in Indonesia cement factory worth 600 million kroner (\$97 million). Samanda Holdings Bhd, has obtained permission from the

Philippines to increase its equity stake in Westmont Bank to 40 percent from 30 percent.

Bloomberg, AFX, AFP, Reuters, Knight-Ridder

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## **Decision on Samsung** Sparks Protest in Seoul

SEOUL - Ahout 30,000 utoworkers refused to work for a second day Friday to protest a government decisioo to let South Korea's biggest conglomerate make passenger cars. About 8,000 employees from

three of the country's five car-makers rallied in Seoul to demand that the decisioo be re-They fear Samsung Heavy

Industries Co.'s entry would glut the market and push them out. The Trade Ministry has countered that tougher competition would benefit the auto industry in the long run. To many, the decision appears to end a prolonged debate

on whether or oot the government should cootinue regulating chaebol, the country's powerful conglomerates. "From oow, the government will reduce interference signifi- The group said the money cantly," said Jin Hong, an official at the Trade Ministry. and infrastructure projects.

■ Samsung Eyes Philippines The Samsung group of companies said it would invest about half a billion dollars in the Philippines during the next five years, Bloomberg Business

**EMPLOYMENT** 

to build a major steel mill.

and its subsidiary, Asia Motors Co., along with No. 3 Daewoo **Bleak Debut for Huaxin** Motor Co., have been the most vocal opponents of the decision.

But Hyundai Motor Co., Korea's largest car producer, has kept silent. The Hyundai group SHANGHAI - Shares in China's state-owned Huaxin of companies is the second-larg-Cement Co. plimged 18.4 perest conglomerate in the country cent oo their first day of tradand while the policy change ing, marking the worst price means a new competitor, it also performance of any new Chinese stock this year. increases its chances of gaining permission for a \$9.6 billioo plan

Huaxin is a cement manufacturer based in the central Chinese city of Wuhan.

The company's oewly issued 'B' shares, or shares available to foreign investors, fell 4.3 U.S. cents from the 23.3 cent issue price.

News reported from Manila. points, or 0.89 percent, to end rities (Asia) Ltd., lead underat 63.53 points.

Analysts say China's cement industry is plagued by outdated

technology and inefficiency, making it a poor choice for investors, especially at a time when the overall market is so weak. Stocks in state-owned com-

panies have lost luster because of coocern about China's economy overheating and mounting debt among state-owned enterprises. Higher U.S. interest rates also have drawn international iovestors away from Asian stocks. "We're disappointed but not

surprised given current market cooditioos," said Michael Dean, head of corporate fi-The B share index lost 0.57 nance at Credit Lyonnais Secuwriter for Huaxin's 87 million share placement. (Bloomberg, Reuters)

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"I think the sector will make some money this year," he said. "There will be a return

to profitability. There has not been a lot of

capital spending, so companies are gener-

ating cash flow and beginning the process

of de-leveraging.
"It depends on whether you see the

glass as haif-full or half-empty," he con-tinued. "If you believe in the long-term trend of airlines in line with the economy,

you'll be bullish. But if you think we are in a new era where we will not see revenue

growth in line with the economy, you will

Mr. Engel is recommending shares in AMR Corp., and thinks that Delta and UAL Corp., which runs United Airlines, will moderately outperform the market.

He rates USAir and Southwest as average

Candace Browning, an airline analyst at Merrill Lynch in New York, also likes

AMR Corp., as well as Delta. But she downgraded Southwest to a "neutral" rat-

ing this week. "Southwest is an excellent

company," she said. "But it's being assaulted by competitors. The next six months to a year will be difficult."

Southwest, a low-cost, short-haul carri-

er whose entire fleet consists of Boeing

737s, has been the darling of travelers and

investors alike over the past few years, turning in a stellar performance both from

a profitability and customer-satisfaction

standpoint. The company's profits, moreover, indicate that it surviving tough com-petition. In this year's third quarter,

Southwest's profits rose 20 percent to \$58.6 million, or 40 cents a share, over the

Paul Berlinguet, a portfolio manager at Baring Asset Management in Boston who

follows airline shares, agreed that South-

west is well-run, but be said he would not

recommend the shares for the next year or

so because of the struggle with start-up

Mr. Berlinguet said that Delta and United should do well if their short-haul

routes are passed successfully to regional

carriers. He also feels positive about

American, provided it reaches agreements

in its labor negotiations. He was less san-

like period last year.

competitors.

guine on USAir.

not be bullish.

performers.

# Turbulent **Skies for** Investors

AKING money in the aviation industry, whether it's by carrying passengers, manufacturing commercial or military aircraft, or servicing those two sectors, seems an increasingly daunting endeavor.

In commercial aviation, for example,

profitability depends largely on sustained, healthy demand, itself a function of economie conditions over which airlines have no control. Granted, one could say the same thing about many industries. But airlines are also faced with another omnipresent wild card — the price of jet fuel. When it goes up, losses tend to mount.

Deregulation, moreover, while resulting in lower fares for travelers, has also taken its toll on earnings. In the United States, an "open skies" policy has led to fare wars that have chopped profit margins to the bone and led to massive cost-cutting programs directed chiefly at labor. Much of the same could happen, although some analysts deny it, in the European Union over the next few years, as carriers prepare for greatly increased deregulation that will take effect on April 1, 1997.

All in all, global airlines have lost more than \$15 billion over the past four years. Competition is no less intense in the U.S. defense sector where, since 1990, the government's budget for military hardware (which includes warplanes) has shrunk by over 40 percent and defense contractors have eliminated over 700,000 jobs. Mergers and cost-cutting are the orders of the day and, again, as profit margins have heen

slashed, so have earnings.

Some financial analysts are forecasting a return to profitability for some commercial carriers in 1995, as well as for some defense contractors. Their argument is that the effects of streamlining are taking hold and that leaner, meaner companies

are emerging.

That may be, but many indicators show that appreciable profits will take longer to show up, perhaps until 1997. Therefore, the perhaps until 1997. Therefore, the perhaps until 1997. when listening to this optimistic hypothesis, bring along a 747-sized dose of skepticism.

lems in recent years, the latest incident having occurred in September when one By Christine Stopp of its Boeing 737 jets crashed near Pitts-

burgh, Pennsylvania. Industry obervers HIS WEEK, at the dawn of the say that USAir faces an extremely diffimost frenetic time of year for air cult challenge in trying to regain the confidence of the traveling public. travel in the United States, the major U.S. carrier Delta Air Mr. Engel is one analyst who, generally speaking, feels bullish on the U.S. airlines. Lines Inc. announced fare reductions of

up to 45 percent on selected routes for travel during the holiday season. Other major U.S. airlines matched the fares. Such a development raises a fundamental question for investors: Can an industry that agrees to slash its profit margins during a season when, historically, demand has often outweighed supply, be any place to put one's money? The answers from

analysts are varied. Some say that stream-lining by the airlines should result in earnings growth fairly soon, while others warn that any sustained upturn for the industry is not yet upon the horizon. To be sure, the U.S. airline sector has

not taken wing along with the overall economic recovery in the States. Standard & Poor's airline index, a weighted average comprised of four major carriers — AMR Corp., which operates American Airlines, Delta, Southwest Airlines Co. and USAir Group Inc. - has fallen nearly 30 percent this year. The Dow Jones industrial average, by contrast, has lost less than 1 per-

The story is one of chronic overcapacity, structural problems and, clearly, bitter fare wars, all of which have led 10 major cost-cutting programs. For example, American Airlines announced a plan ear-lier this month to cut about 550 more jobs, primarily from service and maintenance positions, in its ongoing efforts to slash its labor expenses. Since the beginning of last year, American has eliminated about 5,700 full-time positions, including over 600 furloughed pilots.

Delta, which bas lost nearly \$2 billion since 1990, has declared its intentions to cut \$340 million a year in salaries for pilots, with whom it is embroiled in negotiations, And USAir is seeking to reduce labor costs by \$500 million annually. The litany goes on.

Glenn Engel, an airlines analyst at Goldman Sachs in New York, said that another way in which carriers are looking to reduce capacity and costs is by reducing their flects of planes. One example, he said, is USAir, which announced last month that it planned to sell or lease 44 of its jets next year and use the proceeds to pay down its \$2.77 billion of long-term

USAir has been plagued by safety prob-

#### Airline and Aerospace Stocks

Page 15 Circuitous routes to the sector U.S. defense comractors Asian Pacific carriers

Page 17 European airline shares

"Their cash position has always been a worry," he said. "And the recent problems over safety exacerbate this. On this stock,

there is a risk going forward."

Regarding the sector as a whole, Mr.

Berlinguet added: "It will be tough for the sector over the next year or two. Things will look up if they can reduce capacity, get good labor agreements, bave stable fuel prices, and have some success at restructuring. It could be interesting longterm. There are signs of life three years

Derek Webb, a fund manager at GT Capital Management Inc. in San Francisco who follows arrine stocks, said he likes two regional carriers, Utah-based Skywest Inc. and Atlanta-based Atlantic Southeast Airlines Inc., known as ASAL On the sector overall, however, he is decidedly bearish.

"The economie environment looks good and the airlines have worked off some excess capacity," said Mr. Webb. "If the economy stayed robust, one day they would start making money. But at some point, the economy will turn down. Will they have worked off enough planes? Probably not.

"There are simply too many planes and not enough people," he continued. "It is a poorly managed industry — in a sense, a pure commodity business. It will go no-



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# Airport Companies: A Grounded Alternative

Success in the

**Private Sector** 

By Rupert Bruce

NE alternative for investors seeking exposure to the avia-tion industry without shouldering the risks of relatively volatile airline stocks is buying shares in airport companies. These concerns earn their revenue from takeoff fees, retailing and property rents.

Three such quoted companies — British Airport Authority PLC, known as BAA, Kobenhavns Lufthavne (Copenhagen Airports), and Flughafen Wien AG (Vienna Airport) — have all been privatized within the past eight years. To varying degrees, say industry observers. varying degrees, say industry observers, they have the attractive features sometimes associated with new privatizations, including a wide scope for cost cutting and little competition.

Ian Wild, a transport analyst at the British brokerage Barclays de Zoete Wedd, said he likes airport companies.

"We like the sector because of the relatively risk-free access to air transport and the tremendous potential for doing more with the spin-off commercial activities," be said.

If long-term growth in air traffic ultimately serves as a catalyst for share price increases for these companies, their future could be bright indeed, add other analysts. And traffic seems likely to grow substantially. According to the U.K. Civil Aviation Authority, global air traffic will double by the end of the decade. Such huge growth would translate into more fees from aircraft, more retailing and more property revenue for airport

Since the government of former prime minister Margaret Thatcher sold off 97 percent of BAA shares in 1988, the shares have risen from 245 pence (\$3.82) to around 490 pence, with a one-for-one share split along the way. In other words, the shares are worth about four times what they were. This move has been propelled by solid earnings growth. Since 1988, BAA's pre-tax profit from

its airport portfolio of Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Aberdeen, and Southampton sirports has almost doubled from £166 million to £322 million. Earnings per share for the company, which trades on the London Stock Exchange, have soared from 21 pence to 47 pence.

Encouraged by the success of the BAA privatization, the Danish and Austrian governments moved ahead with similar projects. The companies differ from BAA, however, in that each runs only one or two airports rather than a stable of them. Vienna Airport, which trades on the Vienna exchange, was privatized in 1992, when the government sold a 27

Airport company share price performance since privatization, in local currency. Apr. 94 Source: Bloomberg

percent stake to the public. Copenhagen

Airports, which trades on the Copenhagen exchange as well as on the SEAQ International Exchange in London, followed, selling a 25 percent stake to the public last April. The shares of both have performed

well. Vienna's shares are up from 335 Austrian schillings (\$30.31) at launch to around 475 schillings this week. Copenhagen's have also done well, rising from 310 Danish kroner (\$50.48) per share at

launch to around 337 kroner this week. Vienna's prospects are perhaps the best, say some analysts. Poised at a critical juncture between Eastern and Western Europe, its business should grow along with pan-European trade.

In addition, the fall of Cold-War borders has enlarged the airport's potential passenger market. Vienna Airport estimates that the number of passengers using its facilities will grow by 8 percent to 7.7 million this year and will continue to climb by 8 percent annually until 2000. Part of the increase, the company says, will come from passengers who live in or plan to visit parts of the Czech Republic, Slovakia, and Hungary.

Copenhagen Airports says it is dedicated to cutting away the corporate fat of life in the state sector. This approach was emphasized in pre-float presentations to institutional investors — pension funds and the like — across Europe last March. One of the key charts presented to analysts at the time concerned "movements versus employees," or the company's in-tention to lower its ratio of employees to scheduled flights.

Many analysts are currently recommending Copenhagen Airports and Vienna Airport over BAA, tending to agree that while BAA is perhaps the best-man-

aged and most diversified, its shares are

Vienna Airport

fairly pricey.

Mike Powell, an aviation analyst at NatWest Markets in London, estimates that BAA shares are trading at about 15 times the company's forecasted 1994/95 cash flow, compared with eight times for the other two. Partly as a result, he recommends buying shares of Copenhagen and Vienna, but not those in BAA.

Mr. Wild places a great deal of emphasis on government regulation, noting that heavy regulation can stall profits from airport fees.

"We're buyers only of Copenhagen shares," he said. "That is partly because of the more relaxed regulatory system [in Denmark, in that formal regulation carries with it a relative amount of risk. But also because Copenhagen is the newest into the private sector."

According to Mr. Wild, Copenhagen's privatization should bring the company reedom to seek greater productivity and should, moreover, lend it the corporate culture to build a business similar to that of BAA. He noted that SAS, the Scandinavian airline, will this summer lose the franchise on retail and restaurant services at Copenhagen Airport that it has owned for several years. That franchise will revert back to the airport company,

providing a strong source of revenue.

The post-privatization success of BAA and its two younger siblings has not been lost on governments elsewhere. One analyst noted that, at a recent conference attended by executives of state-owned airports from all over the world, delegates were asked to put up their hands if they felt that shares in their airports would be sold to the public within five years. Thirty of the 50 executives present did so, said the analyst.

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THE MONEY REPORT

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# **Engine Makers and Airline Caterers** Offer Hedged Plays

By Baie Netzer

HARES in companies that manage airports are not the only way for investors to gain exposure to the aviation sector without actually buying airline stocks. Indeed, companies that make jet engines, flight simulators, even those that provide food service are strongly connected

to the sector. Moreover, because such companies often serve a variety of industries, their shares can provide investors with a buffer when the outlook for airlines

turns negative. One such company is Dial Corporation, a \$3.6 billion consumer products and services concern based in Phoenix, Arizona. Dial draws about 20 percent of its revenues from its Tennessee-based subsidiary, Dobbs

International Services, which is the largest airline catering company in the United States.

Carol Neves, a vice-president at Merrill Lynch in New York who tracks Dial Corp., rates its shares "above average," al-though she notes that Dohbs's catering business has been neg-atively impacted by the removal of meal service on many shorthaul flights. Dobbs has successfully chased new business, however, recently winning a con-tract worth \$12 million to cater

Lufthansa flights out of Atlanta

and Washington, D.C. In addition, Dobbs bas mounted an aggressive challenge to a competitor, New Yorkbased diversified services company Ogden Corp., in areas such as airport baggage handling and aircraft fueling. But profit margins in these businesses have shrunk significantly in recent years, said Miss Neves. Ogden, for example, no longer operates baggage handling at New York's John F. Kennedy airport because profit margins have been

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squeezed too tight. "Both Ogden and Dial pro-vide investors with airline-related business exposure, but it's different in nature," said Miss Neves. "Dial is more exposed to the domestic market, but if divi-

dend yield is important to an investor, Ogden offers a fat 6 percent while Dial is at about 3

FlightSafety International Inc., which provides advanced training to pilots through the use of highly sophisticated sim-ulators, used to be a spectacular growth stock, achieving 20 percent annual earnings growth during a 10-year span that crossed from the 1970s into the 1980s. Since 1990, however, the

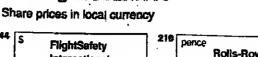
company's carnings have been relatively flat. Tom Albrecht, a transportanon analyst at the New York brokerage A.G. Edwards, said that investors will need to ad-

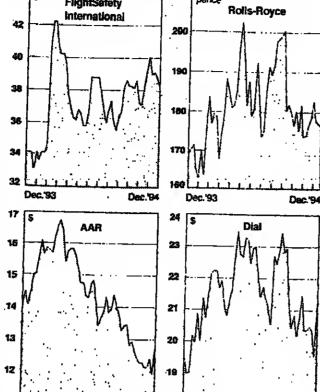
just to the idea of owning a more mature company, Still, he called FlightSafety one of the best-managed small companies in the country," and said that revenues could get a boost if proposed changes in federal aviation regulations were approved. The changes would require pilots who fly certain aircraft for regional airlines to meet the same training requirements as pilots at large commercial airlines. About 25 percent of FlightSafety's revenues currently stem from training regional, domestic and foreign carrier pilots. Mr. Albrecht currently has a "hold" rating on

After the 1989 Exxon Valdez oil spill, FlightSafety won a contract from Exxon Corp. to provide marine navigation training to tanker captains. Although the marine business now accounts for only 5 percent of the company's revenues, Mr. Albrecht said the division could grow by 20 percent annually over the next few years.

FlightSafety shares.

Indeed, analysts say that a smart diversification strategy can only belp prospects for a stock even when its airline-related business is going strong. For example, plans by jet-engine maker Rolls-Royce PLC and a partner, Westinghouse Electric Corp., to employ jetengine technology for power generation in Asia has buge market potential, say experts. A number of other moves by Serving the Airlines





Rolls-Royce have also won analysi support. Many believe that the recently announced \$525 million acquisition of turboprop engine maker Allison En-Royce's scope and add a ne Co. should broaden Rollscompetitive advantage against competitors General Electric

Co. and Pratt & Whitoey, a unit

United Technologies Corp.

Keith Hodgkinson, an aerospace analyst at Lehman Brothers in London, says that with the at around 177 pence (\$2,76), can double in price over the next

three to four years.

"In fact, Rolls-Royce is one of the few U.K. companies of any description that has real potential for growth."

Sucb rosy predictions are harder to come by for Chicago-based AAR Corporation, which supplies products and services for commercial and military aircraft. Having experienced strong growth in the 1980s, AAR has seen its earnings slip more than 50 percent since 1990.

AAR has not won raves for winding down of research and its attempts at diversification. development costs for Rolls- About one half of its revenues Royce's Trent engine, which is stem from the sale and lease of designed for use on Boeing's new spare aircraft parts, while another 25 percent is drawn from the company should climb from component overhaul. But the £110 million (\$171 million) this year to £250 million in 1996. He believes the stock, now trading cording to Mr. Albrecht.

Mr. Albrecht added that although AAR enjoys a high degree of customer confidence "About 35 percent of Rolls- and has recently gained more Royce engines in service business from start-up airlines, haven't yet reached the age he would recommend a less-volwhere they need spare parts, so atile stock for investors seeking there's enormous potential out indirect exposure to the airline there," said Mr. Hodgkinson. industry.

# Mergers, Cutbacks Test the Mettle of U.S. Defense Stocks

By Judith Rehak THE U.S. aerospace industry has been downsizing since 1989, but 1994 has turned out to be the year in which post-Cold

War consolidation really hit Two mega-mergers, one a done deal, the other pending, have dominated the industry landscape. The first took place oa April 4, when Grumman Corp., whose products include the JSTARS aircraft-borne radar system, accepted a \$62-a-share, \$2.17 hillion huyout offer from Northrop Corp., maker of the B-2 Stealth bomber. Left at the altar was Martin Marietta Corp., which had offered \$55 a

share for Grumman

But Martin Marietta, which specializes in space vehicles and high-tech avionics systems, was not destined to remain alone. On August 30, Lockheed Corp., whose strength is in fighter planes such as the F-16 and the F-117A Stealth, announced with Martin Marietta that the two companies would merge 10 create the largest U.S. defense contractor. The companies had combined sales of nearly \$23 hillion in 1993. The deal is pending a U.S. Federal Trade Commission examination concerning whether it violates anti-

Earnings growth prospects for these mergers and other aerospace companies are still uncertain, say analysts. Indeed, the shrinkage of the U.S. military machine - Pentagon hardware orders have fallen by more than 40 percent over the past five years - is continuing.

We're through with roughly half the downsizing," says Jerry Cantwell, an analyst with Lionheart Research, a New York firm that specializes in analyzing defense and aerospace stocks, There's a lot more to go."

Mr. Cantwell said he likes the newly-forged Northrop Grumman Corp. despite the company's disappointing third-quarter earnings of 79 cents a share. Estimates had been \$1.10 a share.

difficulties in 1994," said Mr. Cantwell. "But it's a stronger company combined, and we think its earning power is well above what it is currently demonstrating. If you look at operating earnings, they were about \$4.75 a share this year, and we think that they will be well over

\$5 a share for 1995." Mr. Cantwell cited "decent prospects" for more government funding for the B-2 Stealth bomber, and noted that Northrop Grumman's commercial subcontracting business of making fuselages for the Boeing 747 would be boosted by an upturn in commercial airline orders, which is widely anticipated.

Most analysts feel that the Lockheed-Martin Marietta merger will indeed pass regulatory muster, hut many are reserving judgement on its future prospects. Mr. Cantwell, however, ventured an opinion.

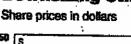
"The companies are very complimentary, and they will be able to get rid of a lot of capacity, but it's too soon to say what facilities will shut down," he said. "I think the combined company will earn \$5 a share in 1995, and earnings will be up in 1996 because there will be a lot of cost-cutting going on.

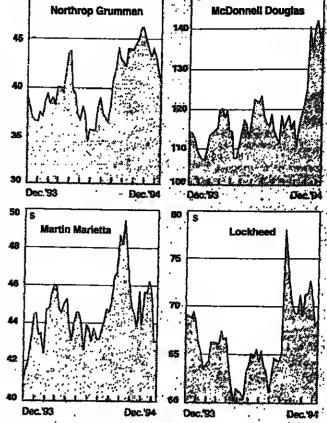
Analyst opinion differs, meanwhile, on McDonnell Douglas Corp., whose military products include the Harpoon missle, the Tomahawk cruise missle, and the Apache helicopter, McDonnell Douglas is also a major manufacturer of commercial aircraft such as the

The company's boosters on Wall Street have been well-rewarded this year, as McDonnell Douglas has widened its profit margins on military bardware and stabilized its struggling commercial business. Its shares have soared from a low of \$104 in January to around \$144 cur-

Some analysts think the shares are too pricey and that the prospect of Lockheed Martin as a strong competitor to McDonnell Douglas's tactical "It's had its share of earnings fighter aircraft business raises

#### Downsizing Still





still more questions. Others, the commercial recovery over continue to rise. "I'm still posiand I expect more than \$15 a share in earnings next year,"

Steven Lewins, an aerospace that more large mergers may be in the offing. He said that Boeing Co., whose military-oriented business is small but profitable, might ultimately try to acquire Northrup Grumman.

Indeed, Seattle-based Boeing, the world's largest maker of commercial aircraft, has been struggling against soft de-mand for its jetliners. "They're spending at a high rate for research and development at this point, and they're still maintaining good earnings and profitability," said Mr. Demisch, who bas a "buy" rating on Boeing shares.

"As business picks up with

however, think the stock will the next couple of years, it's my expectation that by the end of tive on McDonnell," said Wolf- the decade their earnings will gang Demisch, an aerospace quadruple to \$8 a share." Some analyst at BT Securities. "Their analysts are even more optimisvaluation is still modest and tic, projecting earnings as high well within that of the industry, as \$10 to \$12 a share by 1999.

But not everyone is prepared to jump on hoard Boeing. "Boeing's recovery is not conanalyst with Gruntal & Co., a tingent on the airlines' traffic New York hrokerage, thinks growth," said Nicholas Heymann, an analyst at NatWest Securities in New York, who rates the stock "hold."

David Pizzimenti of Nomura Research Institute thinks a better way to play the upturn in commercial aircraft orders is through a stock like United Technologies Corp. The company owns Pratt & Whitney, one of the largest makers of airplane engines, as well as Sikorsky Aircraft, a prime maker of military helicopters.

"United Technology's stock is selling at around \$59 right now," said Mr. Pizzimenti, "A year from now, it could be in the low 70s."

# Prospects Are Mixed for Asian Pacific Carriers

By Digby Larner

N TROUBLED times for the world's airline industry, some carriers in the Asian Pacific region have managed to turn in some impressive results in recent years: The highest achievers have been those based in emerging-

market countries. Thanks to the dual benefits of growing demand and relatively low costs in places such as Thailand and Malaysia, their airlines have had a strong competitive edge over companies based in more developed countries.

Thai Airways International, for example, recently posted a net profit of \$125 million for the financial year ended September 30, an increase of 206 percent over the previous year. On the other hand, airlines in Australia, Japan and New Zea-

land have struggled, often failing to maintain profits during recession. Qantas Airways, the Australian air carrier which is largely state owned, suffered a net loss of about 377 million Australian dollars (\$292 mil-

lion) in 1993. This year, however, there are signs that its market is picking

up. Indeed, Both Qantas and climb back into profit this year, say some analysts, while some of the younger carriers in the

market are feeling the pinch of competition for the first time. Glenn Engel, a transport an-alyst with Goldman Sachs in New York, doubts if former high-flying airlines in the region will continue to grow so fast in

"The region has done well recently but now I would say it's neutral," he said. "The ones that did best have came from a fairly low cost base. Now things are tightening and the amount of competition building up there means it is unlikely they will continue to grow as rapid-

Already hurt by growing competition has been the Hong Kong-based airline, Cathay Pacific Airways. Cathay's share price dipped recently with the news that it plans to slash air fares but to 6 20 percent on two fares by up to 20 percent on two of its prime routes in answer to price cuts from rivals.

domestic carrier, Ansett Air-

lines, were granted routes out of Japan Air Lines are both set to Hong Kong this year.

> Terence Chan, an analyst with Kleinwort Benson Securities (Asia) in Hong Kong, is currently putting together a re-port outlining Cathay's pros-pects. He said there are signs that the airline is reining back

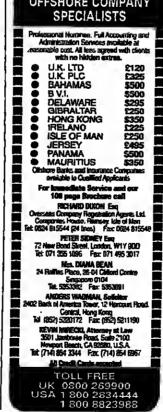
Although Cathay Pacific is taking delivery of 15 new Airbuses over the next two years, he said these are to replace planes that are being retired.

"Therefore," said Mr. Chan, there will be no net expansion. There is also some uncertainty over whether the airline can pick up the Japanese traffic it lost during the recession, now the Japanese econo-

Laurent del Grande, a transport analyst with Kleinwort Benson International in Tokyo, warned that the apparent recovery of some former loss-making airlines may be short lived.

He said he doubted if Japan Cathay's competition has intensified since U.K-based Virbillion yen (\$200 million), angin Atlantic and the Australian nounced last month, will be matched in the second half.

"JAL has been in the red for three years, so it is keen to show a surplus this year," be said. "Unfortunately, about 3 hillion yen of its half-year profit was because of falling oil prices rather than because of anything it achieved itself. To boost its figures this time, it will probably have to sell some assets."





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#### BRIEFCASE

#### **Bonds Post Positive** Returns in November

For the second straight month, global government bond markets in November posted positive returns on average, according to U.K.-based Kemper Investment Management

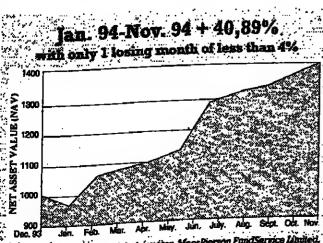
Returns in local currency were positive in all markets except the United States, with U.S. Treasurys posting a negative return of about half of I percent.

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#### Fitzrovia Publishes **New Guide to Funds**

The Umbrella Fund Handbook, a new guide to over 450 offshore funds, has been published by London-based Fitzrovia International. Among other detailed information, the volume provides performance rankings based on the consis-

tency of previous returns. plus postage. For further infor-



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#### mation, contact Fitzrovia on (44.71) 224,3284 Next week in the Money Report: a look at financial gifts.

The Money Report is edited by Martin Baker

The guide costs £149 (\$232)

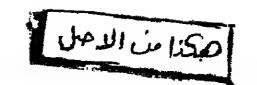


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#### THE MONEY REPORT

# \*Some European Airlines Are Catching Tailwinds

By Aline Sullivan

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DENTIFYING winners and losers among European airlines used to be easy. The winners were the big national flag carriers and the losers were the small, privately owned airlines trying to break into the business.

The biggest losers, perhaps, were the passengers who were compelled to pay some of the highest ticket prices in the

But all that is changing. The European Union's open skies program, which is gradually opening up international and domestic routes to competition, has forced the state-run airlines to slash costs in preparation for privatization. But analysts say that difficulties in negotiating with their employees and continued reliance on state subsidies mean that these airlines face turbulent times ahead.

For example, Iberia Air Lines of Spain is currently seeking a 130 billion peseta (\$1 billion) state hailout that must be and allow uneconomic airlines trying to compete with the national behaviors of authorized by the European to keep flying," said Mike Poware slated to receive a total of \$7 billion in government aid approved this year by the European Commission.

"These companies need more money just to keep going," said Edith Thoum, an airline analyst at Kemper Investment Man-agement in London. "It would be nice to see some of them drop out instead. Iberia, Olympic, Alitalia, Air France and during the next downturn without further state aid."

cy shouldn't hurt European air-lines as badly as deregulation has crippled many arrival an airline industry as a whole an airline industry as a whole an airline industry as a whole arrival has crippled many carriers in the United States, say other in-

NatWest Markets in London, referring to U.S. debt-protec-tion laws, "But the conditions likely to be placed on any further subsidies will really restrict

capacity. cause there is a completely difregional traffic growth," he

however. The International Air

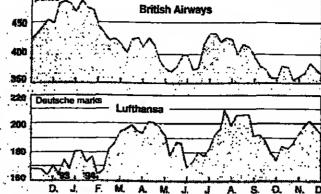
Union. Other state-owned air ell, an airline analyst at these, including Virgin and carriers in Europe, meanwhile. NatWest Markets in London, British Midland, remain in private bands and therefore offer little scope for investors. Only three European airlines

- British Airways PLC, KLM Royal Dutch Airlines and Chris Tarry, an analyst at Lufthansa AG of Germany -Kleinwort Benson Securities in are consistently cited as attractive investments by industry anpened in the States is simply not alysts. These, many say, have going to happen in Europe beting costs and developing the ferent infrastructure here that cross shareholdings and marmaybe Sabena will collapse won't allow the same scope for keting alliances that will allow them to compete with giant American and Asian Pacific

British Airways' \$400 million stake in USAir Group Inc. has caused the company some problems in recent months, but dustry observers. The reason, add many, is that in Europe airlines will be forced to derease capacity.

next five years. But in contrast USAIT ISSUEU a profits we beginning of this year — to the United States, there is at the beginning of this year — has been overdone. next five years. But in contrast USAir issued a profits warning

The Lucky Few Share prices in local currency



"BA's globalization program has been marred by USAir's poor financial performance, but the market has possibly overreacted to this news," said Guy Kekwick, an aviation analyst at attractive airline in Europe.

Lufthansa, still 36 percent owned by the German government but slated for complete privatization by the end of next Lehman Brothers in London.

KLM has had better success

spite Northwest's brush with bankruptcy last year, the two

"KLM is conservatively fito date with its U.S. alliance. nanced, well-managed, has a The company, which is 38 persound expansion strategy and cent state-owned, paid \$400 has one of the industry's younsound expansion strategy and cent state-owned, paid \$400 has one of the industry's youn-million for a 20 percent stake in gest fleets," said Candace Northwest Airlines in 1989. De- Browning at Merrill Lynch in for change is phenomenal," said

Mr. Tarry. "We will see the New York. "Its long-term prosbenefits continuing for some pects are excellent. Lufthansa, still 36 percent owned by the German govern-

year, has also negotiated a suc-

cessful U.S. alliance, with UAL

Corp., which runs United Air-lines. "Lufthansa has done ab-

Mr. Tarry expects Lufthansa to make a profit of 330 million Deutsche marks (\$210 million) this year, compared with a loss of 110 million DM in 1993.

Smaller European airlines, including Swissair and Finnair, are cited as attractive by some

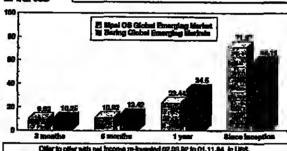
#### THE FUND PERFORMANCE FOCUS

The Fund Performance Focus has been created in order to give our readers investment information on internationally marketed mutual funds with consistently strong performance figures.

If you are interested in knowing more about any of the mutual fund groups advertising in this section, simply circle the appropriate number on the conpon (at the bottom of the page) and return it to us by letter or fax and information will be mailed to you by the companies involved.

The I.H.T. would like to remind its readers that past performance is no guarantee of future results and that the value of an investment and the income from it can go down as well as up.

#### **Baring Global Emerging Markets Fund** BARINGS



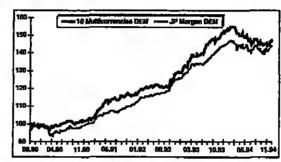
Baring Global Emerging Markets Fund aims to achieve long-term growth through investment in a diversified portfolio of developing country equity securities.

On-the-spot management is central to the Barings approach ort-me-spot management is central to the Banngs approach and intensive research is crucial to exploring all opportunities and controlling any risks. Barings' employment of local language speakers, often native of the country of investment, ensures greater acceptability in the markets. Barings has 24 emerging market experts globally, covering the current emerging universe. The team has an average of 9 years investment experience and visits between four and five hundred companies each year.

Bering International Fund Managera (Ireland) limited is part of the Barings Group which has been active in the world's financial markets since 1762. One hundred years ago, a typical Barings client portfolio included investment in Latin America, Eastern Europe, China, South Africa and Russia. Today, the Baring Asset Management Group manages US\$46.1 billion globally with a current total of US\$5.5 billion in emerging markets.

We believe our established and successful investment process is structured to deliver superior performance in this asset class. For further information, and details on how to obtain a prospectus, contact your independent financial adviser or Barings on (44) 71 214 1226.

#### Inter Optimum **Multicurrencies**



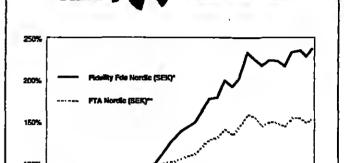
Inter Optimum Multicurrencies is a sub-fund of the Luxembourg umbrella bond "SICAV" Inter Optimum whose assets are invested mainly in bonds on the main international markets, its net asset value is denominated in Deutsche Marks.

The fund is particularly almed at investments in Continental Europe more specifically in the Deutsche Mark zone (Germany, Netherlands) and global investors benefit from the strong Deutsche Mark as the fund's relerence currency.

its diversification towards the main bond markets of the OECD countries enables it to capitalise on contrasting interest rate and

After the sharp decline in the bond markets in 1994, and the downward trend in the Dollar against all currencies worldwide, yields currently generated are particularly high and offer attractive

Furthermore, the lack of inflationary pressure in Europe gives rise to hopes of an improvement in the bond trend in the next few months. The main focus in the fund is currently bonds with intermediate maturides [2/5 years] aiming at providing a good balance between attractive returns and protection of assets in markets eager to find a new balance following the recent crisis.



The Fidelity Nordic Fund is currently the No. 1 performing Fund in its sector so far this year, over two years, over three years and since launch just over four years ago. Since launch, it has grown by more than 161.2%; that's an average annual return of

By investing across the powerful markets of Scandinavia, the fund has been able to benefit from this region's early economic recovery. Now, with the rise in commodity prices and the rest of Europe emerging from the recession, we believe the prospects for this region continue to look attractive.

The performance of Fidelity Nordic Fund also typines Fidelity's careful "stockpicking" approach to investment. We don't rely on bought-in research, instead, every year our experts on the ground visit or contact 40,000° companies world-wide in search of investment opportunities. In Europe alone we made over 2,000 company contacts last year, it's a highly successful approach that has helped make us the largest independent investment management organisation in the world.

For further information please contact one of our representatives on [+352] 251 351 230 \* This figure includes those of FMR, a US company and an affitate of Fidehity Investments International \*\* Source Micropal. NAV to NAV, gross income reinvested, to 1/12/94.

# **GLOBAL EQUITY** TOP QUARTILE PERFORMANCE IN SECTOR\*

through investing to an international portfolio of equities. ■ Guinness Flight applies its acknowledged expertise in currency management by managing the fund's currency exposure independently to its equity exposure. This seeks to avoid possible erosion of stockmarket gains

■ The Guinness Flight Global Equity Fund, a Guernsey-

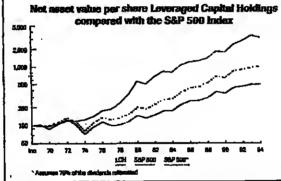
based distributing fund, aims to achieve capital growth

The fund has outperformed the Morgan Stanley Capital International Index since its launch in January 1985. Since Isunch performance, Guinness Flight Global Equity Fund in US Dollars 461.8%, MSCI World Index 310.3%

For further information, please contact our investor Services Department in Guernsey on (44) 1481 712176

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#### **Leveraged Capital Holdings** 25th anniversary



Leveraged Capital Holdings N.V., a joint initiative of the Edmond de Rothschild Group and MeesPierson, was established in the Netherlands Antilles in 1969 as an open-end multi-manager fund. Leveraged Capital Holdings invests in U.S. securities through a number of offshore funds managed by carefully selected fund

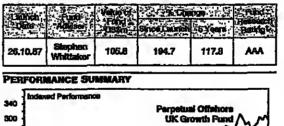
The principle objective of the Fund is to provide investors with long term capital appreciation and reduced volatility through a diversification of different management styles. With more than \$550 million now under management, this Fund has achieved a 15% ammalized return on average over the past 25 years, as against less than 10% for the US stock marker reflected by the S&P 500 Index (with 70% of dividends reinvested). The shares are listed on the Amsterdam Stock Exchange.

Templeton Global Growth Fund

(part of the Templeton Global Strategy Funds)

For further information please contact: MeesPierson Rotterdam, the Netherlands \*31 10 401 5090

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UK Growth Fund 260 220 Micropal OS: UK Equity Index

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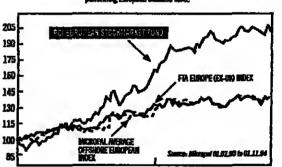
All statistics to 1st December 1994, on an offer-to-offer, US Dollar basis including reinvested income, net of withholding laws (source: Micropal). Fund Research Lid is a leading independent qualitative research compan

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For further information please 'phone Marion Buchenan on +44 (0):1534 68448, or send her a fex on +44 (0):1534 38918.



Quee Tain! Shakarch! took over the propagations of the PCI DEcropean Stockmerket Fand, it has dramatically estperformed both the FTA Europe (ex-UN) ladax and the Micropel Index of Offshore European Fluid performance, in fact, according to HSWAT statistics, over the five years to 1 October 1994, Talei managed both the highest ranked ING-decoiciled European fined and the bestperforming European officient fried.

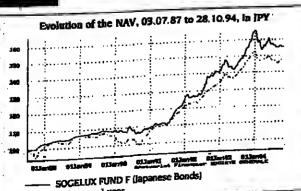


The Continental marines are perfectly solted to Tales's stocknicking style. Whereas there is an learnessy volume of applysis and communitary available to UK and US investors, army Continuousl spacints are much less comprehensively covered. This means that different measure can encover stocks available at substantial discounts to reasonable valuations beauti or earnings prospects or asset contest. Such electraits are most frequently to be found amongst medium-sized conand smaller markets, but careful diversification occurs that outperformance is not porchased at the cost of excessive abort-form volatility.

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total NAV of USD 570 million. ~ 9. bond compartments specialized in countries or geographic areas (USA, lapan, Europe, Germany, France, UK. Belgium, Spain & Italyi and departments of the countries of the co denominated in the matching currencies.

- I diversified world bond compartment denominated in USD.

- Sequence of the compartment denominated in USD.

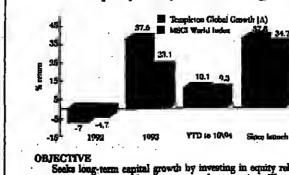
- Sequence of the compartment specialized in North America, Europe, Pacific RIM,

 5 equity compartments specialized in North America, Europe, Pacific RIM,
 Growth countries and sectors, Mining and gold instruments,

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 2 short term compartments denominated in French Franc and in ECU.
 By combining any of the 1S compartments, the SOGELUX Parkets, and also to choose and adjust your asset allocation among the world markets, and also to change the composition of your portfolio by converting the shares of one

 to change the composition of your portfolio by converting the shares of one

compartment into those of another.



Seeks long-term capital growth by investing in equity related issues of companies and governments of any nation. The base currency is US dollars.

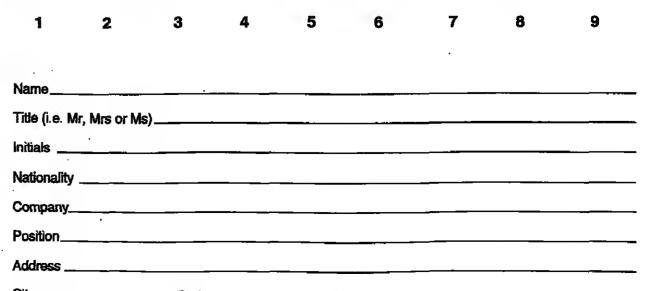
Year to date (to 31.10.94) the fund is up by 10.1% which compares with an increase of 9.3% for the MSCI World index benchmark. Market sentiment remains fragile as investors are benchmark. Market sentiment remains fragile as investors are unsure whether to concentrate on the improving outlook for corporate profits or the prospects for higher interest rates. Most equity markets look pretty fully valued and bargains are now harder to find. The fund is happy to maintain its exposure to commodity-related stocks and is currently finding good value in sectors such as food retailing and pharmacenticals where underlying growth in profits should be steady and where the valuations are undemanding. The fund currently invests in a well-diversified portfolio of stocks in 24 countries.

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# **SPORTS**

# All-Star Game Falls Victim To the Lockout in the NHL

League's annual All-Star Game is the latest victim of the lock-

The game, scheduled for Jan. deal with the Fox TV network. has been canceled because the dispute with players "makes it impossible to go forward," said Stephen Solomon, the NHL's chief executive officer.

As consolation, San Jose will play host to the 1997 game. The 1996 game already has been awarded to Boston.

Day 69 of the lockout passed without further negotiations, but the two sides remained busy

Bob Goodenow, the executive director of the NHL Players Association, sent a letter to Commissioner Gary Bettman, 21 in San Jose, California, and reiterating the union's opposiwhich was to kick off the tion to a payroll tax of any kind league's five-year, \$155-million and its belief that sufficient concessions had been made on other issues to make the tax might talk before Monday's

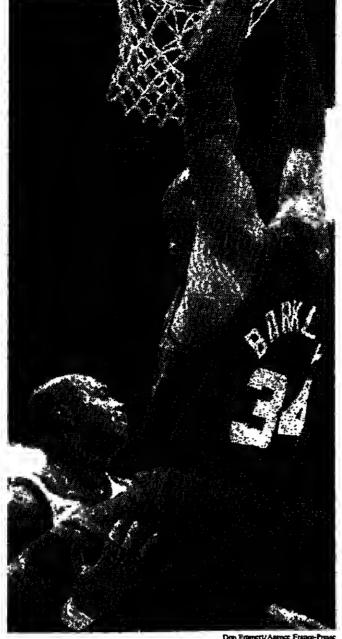
The league, meanwhile, circulated a letter among its teams indicating that the union either had misunderstood or was misrepresenting its latest proposal. So far, the NHL has canceled 24 games of each team's 84-

game schedule.

Compiled by Our Stuff From Disputches by firing up their fax machines and the league's Board of Gov-The National Hockey for another battle of memos. New York, where they are expected to draw up a final proposal and deliver a take-it-orleave-it ultimatum to the players' union.

Bettman and Goodenow have not spoken since Tuesday, but a source indicated they

league gathering.
The All-Star Game has been played annually since 1947, when it matched the Stanley Cup winner against a team of players from the rest of the league. The format changed to East vs. West in 1969. The game was played before the season Whether the season can be until 1967, when it was moved saved remains unclear, Bettman to midseason. (NYT, LAT)



Charles Barkley got an assist from Derrick Coleman as the Suns handed the Nets their fourth straight loss at home.

# **Rockets Get Beat Hornets**

The Associated Press

Hakeem Olaiuwon was back with the Rockets, and so was Kenny Smith's shooting touch. Dennis Rodman was still absent from the Spurs.

Olaiuwon, who had missed the Rockets' last game with a wrist injury that had hampered him in the game before that, scored 21 points to help Houston end a two-game losing streak.

But Smith's contribution was just as important. He made seven 3-pointers in hitting a sea-

#### **NBA HIGHLIGHTS**

son-high 25 to rally the Rockets to a 101-95 victory over the Charlotte Hornets on Thursday might

His final 3-pointer put Houston back on top for good, 91-90, with 2:07 remaining.

The Hornets played without their No. 2 scorer, forward Larry Johnson, who stayed in Charlotte following the birth of

his son. Jazz 117, Spars 114: Jeff Hornacek's 26 points and free throws down the stretch lifted Utah over San Antonio in douhie overtime.

A basket by David Robinson gave the Spurs a 95-93 lead with 36 seconds left in regulation, but Avery Johnson committed a turnover and sent Hornacek to the line. His two free throws sent the game into overtime.

Sean Elliott, who scored 24 for San Antonio, sank a 3pointer to force the second overtime.

San Antonio was hoping to have Rodman at least on the bench in street clothes, but the suspended forward stayed away from the team for the second straight day. While the Spurs were losing at the Alamodome, Rodman was working out at a health club across town.

Bullets 124, Mavericks 121: Chris Webber had 23 points and 14 rebounds in Washington's overtime victory in Dallas. Rex Chapman's 18-footer

with 29.3 seconds left in overtime broke a tie and Scott Skiles added two free throws with 11.4 seconds left as the Bullets won for only the second since Webber came over in a trade from Golden State.

Jamal Mashburn scored 45 points and Jim Jackson added 26 for the Mavericks, who had won four of their previous six.

Kings 103, Somics 91: Mitch Richmond's 26 points and Seatdrought added up to Sacramento's second victory of the season over the Sonics.

Walt Williams contributed 23 points for the Kings, who trailed by as many as 17 points he developed upper respiratory in the third quarter before outscoring the Sonics 30-1 during a

The Kings held Seattle to

# This Game's Name: 2 Guns Back, The Playoff Chase

New York Times Service

The common denominator for this weekend's games is that most have playoff implications.

New York Jees (6-7) at Detriot (7-6): Lions have found a quarterback capable of making teams pay when they try to shut down Barry Sanders, with Dave Krieg having thrown 10 touchdowns and no interceptions in his five starts. Art Monk will be seeking to break Steve Largent's record for receptions in consecutive games, and Jets will need big effort Saturday from him and Boomer Esiason; their offense is averaging just 98.5 yards rushing a game. Odds-makers favor Jets by 3 points.

Cleveland (9-4) at Dallas (11-2): Troy Aikman, having missed last two games with sprained knee, returns to starting lineup Saturday; Cowboys, who managed just fine without him, will give Browns' defense one of its sternest tests this season; Emmitt Smith's 114 points on 19 rushing touchdowns is second to San Diego kicker John Carney (116). Leroy Hoard has emerged as Browns' key offensive weapon; he is only running back in NFL to lead team in rushing (692) yards and receptions (39).

Cowboys by 10. Chicago (8-5) at Green Bay (6-7): One pivotal NFC Central game, Chicago having lost heartbreaker in overtime to Minnesota last week. This will be Green Bay's first home game in almost a month. Brett Farve has thrown 15 touchdowns and 4 interceptions in last 5 games; Bears' defense has 12 sacks in last 5 games. Packers by 31/2.

Mimesota (8-5) at Buffalo (7-6): Bills blasted their way back into playoff race last week with big win over Miami; Vikings, who had stumbled in three straight games, righted themselves against Bears. Bills' Jim Kelly has thrown at least 1 touchdown pass in last 7 games; Vikings' Cris Carter leads NFL in receptions with 102 and teammate Jake Reed has 70.

Bills by 4. New York Giants (6-7) at Cincinnati (2-11): Giants, rolling behind renewed sense of confidence, believe they can make playoffs. Dave Meggett's 13.4 yards per punt return leads NFL; he's the only player in NFC to return two punts for

touchdowns. Giants by by 51/2. Indianapolis (6-7) at New England (7-6): New England victory enhances its position in race for wild card spot; victory by Colts keeps them in race. Drew Bledsoe leads NFL in tle's second-half scoring passes (577) and leads AFC in completions (330) and yards (3,725). Marshall Faulk, who

has accounted for 41.6% of Colts' offense, was hospitalized Thursday as precaution when virus; he is expected to play Sunday, Patriots by 51/2.

L.A. Rams (4-9) at Tampa Bay (4-9): Both still long shots. Rams' defense, having allowed

iust 8 rushing touchdowns, faces Errict Rhett, who had 40 carries for 192 yards against Redskins last week. Tampa Bay's offensive line hasn't allowed sack in last three games, in which team is 2-1. Bucs by 21/2.

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Philadelphia (7-6) at -Pittsburgh (10-3): Eagles' coach Rich Kotite created miniquar terback controversy this week by hinting, after fourth straight loss, he might bench Randall

#### NFL MATCHUPS

Cunningham in favor of Bubby Brister. But Cunningham will start, Steelers' defense has been punishing opponents all season. and won't let up on fellow Pennsylvanians, Steelers by 6.

Denver (7-6) at L.A. Raiders (7-6): Broncos' quarterback John Elway, with sprained knee. was initially listed as questionable but is now probable. Raiders' Jeff Hostetler was red hot against San Diego; their rushing defense is tied for second in AFC with Miami, giving up 88.5 yards a game. Raiders by 31/2.

San Francisco (11-2) at San Diego (9-4): Since being humiliated by Philadelphia on Oct. 2, 49ers have won 8 straight and have been getting healthy starters back in lineup. Their 411 points leads NFL. Victory against Chargers gives them first round bye in playoffs; a San Diego victory and help from other teams gives it AFC West title. Chargers' plus-11 turnover ratio, is second in the league, 49ers by

New Orleans (5-8) at Atlanta (6-7): Atlanta still has playoff hopes, New Orleans little chance. Falcons' Terance Mathis has 25 receptions for 415. yards and 3 touchdowns in last 4 games. Saints have 32 sacks. which ranks No. 3 in NFC, while . Falcons gave up 50 points to 49ers last week. Falcons by 4.

Washington (2-11) at Arizona (6-7): Aeneas Williams's 8 interceptions lead NFL, while Arizona has found offense in rimning back Larry Centers. Redskins have own offensive problems, averaging 82 yards rushing a game. Cardinals by 8.

Seattle (5-8) at Houston (1-12): Oilers have allowed NFL low 18 yards per kickoff return, their only good news. Seattle, also playing out season, will be quarterbacked by Dan McGwire, Rick Mirer's season having been ended last week with broken left thumb. Oilers

OY 272. Kansas City (7-6) at Miauri (8-5): Chicfs' Joe Montana, who didn't play last week because of sprained foot, is questionable Monday night. Defense's 32 takeaways ties Jets for most in NFL, but Dolphins' Dan Marino bas had three straight 300yard passing games. Both teams trying to bounce back after tough losses. Dolphins by 41/2.

These matchups were compiled by Timothy W. Smith.

## Baseball Players' Plan: Cooperation?

New York Times Service

ATLANTA — The emphasis in the new proposal major league baseball players will present to the owners on Saturday is on cooperation between the two sides, according to people familiar with the plan. "We certainly can use that,"

one management official said. But with the owners less than a week away from the new date for setting into motion their impasse/implementation strategy, the No. I question about the players' proposal remains: Will the owners abandon their hard stance on player salaries and opt for cooperation over instant

SCOREBOARD

TVASCED BEAUTIFUL TO THE SECOND

EASTERN COMPERENCE

MESTERN CONFERENCE

Phoenix 34 29 37 42—132 New Jarsey 33 20 23 23—164 P: Malerie 6-92-3 19. Tissiale 9-16 1-2 19; N.J.:

eman 12-20 3-4 ZJ, Gilliam 9-14 6-6 24. Re-ands—Phoenix 45 (Green 12), New Jersey Brown, Coleman 10). Assists—Phoenix ZJ

**DENNIS THE MENACE** 

WHY DO I ASK SO MANY QUESTIONS ?

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**NBA Standings** 

Oriendo New York Beston Philiodelphic Washinpton

LA Lakers

"This proposal addresses the four-and-a-half-hour meeting owners' stated concerns," Craig and said the agents were told Fenech, an agent from New Jersey, said Thursday after the union's meeting with agents. "It should provide a basis for satis-fying them. But I think they have an agenda. A number of owners want to try replacement players. I expect they're going to implement. I think we're

scenario." Union officials again declined to disclose details of the proposal they will unveil to the owners Saturday. Others have said the proposal contained a tax on club payrolls. One agent emerged from the

| Houston | 27 26 19 25—161 | C: Burrell 8-18 4-5 22. Curry 8-17 2-2 21; H: Smith 8-14 2-2 25, Old Invent 8-15 5-18 21. Rebends—Cheriotte 56 (Mourning 12), Houston 51 (Thorpes 15), Assists—Cheriotte 22 (Bogues 9), Houston 30 (Old Invent 81, 20 21 19 28 11—124 Decision 32 28 28 3—121 W; Webber 10-19 1-3 22, Duckworth 7-10 4-8 29, Chapman 8-18 3-2 20; D: Moshburn 18-20 7-4 6-3, Jackson 16-24 4-5 28, Rebounds—Washington 21 (Sides 8), Dolfon 3 (Kidel 72), Utub 27 28 28 28 11 11—17

Utoh 27 29 28 28 11 11—17
Son Antonio 18 29 26 22 11 6—114
U: K.Molone 9:34 10-12 28, Hornorck 9-17 7-9
26; S: Elliott 4-12 9-11 24, Johnson 4-12 5-9 21,

Onl Negro 9-17 6-9 25, Rebounds—Utoh 45 (K,Maione 18), San Antania 47 (Robinson 15),

Assists—Uton 27 (Stockton 13), San Antonio 20

Assers—4-1701/2 Usrockfol 13), Son Artunio 20 (Johnson 6).

Septitio 28 23 11 19— 71 Socromenso 15 25 1 7 35—603 SE: Askew 4-12 4-4 17, Kenne 3-18-9-16 ; SA; Richmond 10-20 4-5 26, Williams 7-17-5-11 23.

to 60 (Richmond 9). Assists—Souttle (Schremot 6), Socremento 24 (Webb 9).

How the top 25 terms in The Associated

Antonsos (5-1) bed Southern Methodist 74-46.
Next): Ys. Murray State, Saturday, 6. Artsons
(5-1) bed Housine 18-67. Next: Ys. Le Salle.
Manday, 11. Marytond (4-1) bed Colorie 11332. Next: Ys. Ne. 5 Massachusetts at Battinore, Saturday.
28. Virginia (4-2) bed Bettone-Cookman
19-49. Next: at Rica, Saturday; 24. Villianava
(4-2) logt to No. 1 North Coroling 75-64. Next:
Ys. S. Joseph's of the Polastra, Saturday, Dec.
17: 25. Widen Porest (4-1) bed Richmond 53-47.
Next: vs. College of Charleston, Saturday,
Dec. 17.

-Septite 56 (Kemp 19), Socramen-

the tax would be a scale of 4 to 6 percent. Two other agents said they were not given specifics. They also said union officials told them not to disclose what they were told.

At that level of tax, the players moved well off the approximately 1.5 percent tax they had headed to a last-man-standing proposed in September that the owners quickly rejected.

But their new rate is still worlds away from the owners' tax proposal, the alternative they presented to the salary cap they really want, that calls for a limitless tax.

Other Major College Scores

Boslan College 44, Fordix Brown 61, Holy Cross 40 Buffele 71, Niceara 57 Calumbia 77, Army 76 Dekware 91, Widoner 61

SOUTH
Centenary 97, Dollas 45
Citadel 85, Randalph-Macon 57
Clemson 83, South Corolina 89

Clemson 83, South Corolino 39
Geometra 83, Cent. Florida 35
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Old Dominion 25, New Hampshire of
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Akron 64, Clevetand 51, 57
Chicago 51, 102, Troy 51, 76
Missishir 90, Copole 51, 62
Missishir 90, Copole 51, 62

Alignment 90, Copolin St. 42
FAIR WEST
Colorado St. Bl. Marto St. B4
Cancardia, Colli, 73, N. Arkania 47
E. Washington 74, St. Martin's 42
Montona 44, St. Marty's, Col. 36
Montona St. 108. Montona St. Billings
Son Diego 75, CS Dominguez Hills 44

- Dominique Herr (74th).

Markus Marin (Emil) Names — Patrice Loka (30th), Joshet N'Dorom (31st). Names win 6-2 on aggregate. PRENCH FIRST DIVISION

Strandings: Hordes-42 points, Parts SG 28, Commes 34, Lyon 34, Bordeaux 33, Auxerte 31, Strandours 21, Lette 27, Martigues 27, Sonit Etterne 26, Monacco 26, Metz 26, Remies 24, Le Havre 28, Nice 21, Lille 21, Bostio 30, Coen 18, Auxerte 24, Metz 26, Letterne 26, Monacco 26, Metz 26, Remies 24, Letterne 27, Mice 27, Lille 21, Bostio 30, Coen 18, Auxerte 28, Monacco 26, Metz 26, Remies 28, Letterne 28, Monacco 28, Metz 26, Remies 28, Letterne 28, Monacco 28, Metz 26, Remies 28, Metz

la G. Metz 3

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innings: 46-1 (14.3 evers) med as a draw due to rain. The second secon BASEBALL

Sri Lanks Vs. New Zealand

o Innines: 288-4 (50 overs)

dostein, South Africa

Americal Lease

MINNESOTA—Signed Meth Meruilo,
policher, to misar-league confroct.
Notional Leasee

HOUSTON—Named Tim Telmon munaper of Jackson, TL. NEW YORK—Named Toby Harrott man

er of Noricik, IL.
PHILADELPHIA—Signed Kyle Abbott,

PITTSBURGH-Slaned Randy St. Claire. pitcher, to minor leasue contract. Sisned Todd Fraheirth and Darrin Winston, elichers, to contracts with Calvary, PCL batement to Boston for Note Minchey, pitcher, and Jeff McNeely, outlieber.
SAN FRANCISCO—Announced they will re-

BASKETBALL

mon, forward, indefinitely without pay for falling to return from a 3%-week sold loove of

FOOTBALL.

CINCINNATI-Announced the retirement of Tim Krumrie, detensive lineman, effective the end of the season. GREEN BAY—Ploced Gilbert Brown, de-tensive tockie, on the injured reserve, Walved Owner! Thomoson, running back, Staned Ruf-fin Hamilton, linebacker, and Tammy Pasan, detensive and from the practice squad.

HOCKEY Northwest Hocker League LOS ANGELES—Sent Justin Hocking, de-treatment, to the Portland, AHL COLLEGE CENTRAL MICHIGAN—Arrounced II is

repoint its soccer program. CLEMSON—Amounced the resignation of M. Ibrohim soccer coach.

M. Ibrohim socer coech.

NAVY—Annunced contract of George
Doumn, football coech will not be renewed.

NEVADA—Extended the suspension of
immy Moore, senior basketball forward, for
wo games for misdemeding bothery charges.

NORTH CAROLINA—Signed Mack Brown. NCTATE DAME—Amounced that Bobby Taylor, cornerback, and Germaine Holden.

defensive and, have been suspended for on some and will not play in the Fefsto Bowl OHIO STATE—Staned John Cooper, foot boll coach, to 5-year contract extension.

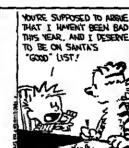
RHODE ISLAND—Harried Mike Balline

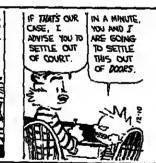
only 30 second-half points.

#### CALVIN AND HOBBES







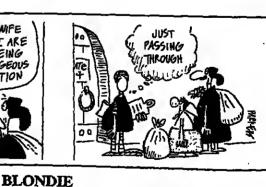


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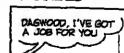






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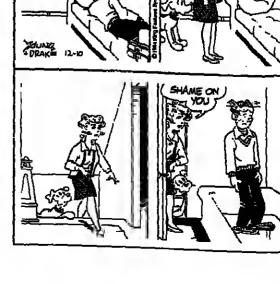




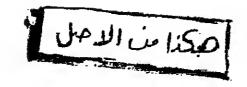












# **SPORTS**

# **UEFA** and Asians Criticize FIFA As Undemocratic

Compiled by Our Staff From Dispate ROME — The governing body of European soccer, UEFA, accused FIFA on Fri-

day of unfairly selecting committee members and threatened to ignore their authority, while a senior official of the Asian Football Confederation said his group plans to file a protest over the allocation of influential places on FIFA com-

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UEFA's president, Lennart Johansson, after a meeting of his group's executive committee, criticized FIFA's lack of consultation with both its European counterpart and national federations in selecting members of FIFA's commissions.

more democratic." If it does not, be said, "Then I clearly tell you - and again, I react personally - we can live without them,"

tige, our dignity. If FIFA does not respect our point of view, we will leave FIFA. The AFC's general-secretary, Peter Ve-iz lappan, said in Kuala Lumpur that "the

factory their decision has been and how we can rectify the situation,"
The 44-member AFC, which begins a

a unique situation as far as I am aware, but then we are in a unique position."

The controversy stems from the fiery meeting of FIFA's executive committee in New York in October, at which FIFA's president, João Havelange, announced the composition of the committees that help run world ver medalist Hilary Lindh gave

Critics alleged Havelange chose the committee members personally, ignoring the protocol that only officials supported by regional confederations can

Velappan refused to say which Asian delegates the AFC was protesting about, but it sources say the Knala Lumpur-based body did not support China's Chen Chengda or the Philippines' Fernando Al-

Both were named by Havelange to sit on FIFA's technical committee. Chen retired from the AFC in May because of old age, and Alvarez no longer re-

AFC officials said the protest is likely to come in the form of a strongly-worded letter to Have-

The disciplinary committee, meeting on Saturday, will rule on allegations that Syria and Iraq fielded over-age players in the recent Asian under-19 championship in Jakarta. (AFP, AP, Reuers)

36 Directs

37 A Fodor's

44 Ran rings

around

45 Shirt shade

48 Recipe

49 Cossack chiefs 51 Arab chief

53 With flexibility

56 Glassmaker's

60 Cousin of the

G1 Like smarting

raccoon

57 Crumple

62 Musical

63 These -

64 Adds e rider

66 Rising star

68 Apparition

76 Bakery purchase

39 Peaceful pause

41 Royal pardon

ACROSS

5 Look

9 Elbow

15 Put away

19 Tone down

20 Forearm part

21 Puck's mester

22 Pencock in the

restaurant offering

27 White-tailed

28 Formosa Strait

29 Ship's course

30 Two-wheelers

33 Hood's heater

Remard and

31 Boot camp

34 Newsman

35 Gain a lap

25 Reagan chief of

23 Chinese

1 Bibliographical

He said FIFA should make its procedures "UEFA is not looking for a war," he added. "But we want to defend our pres-

executive committee will be deciding how best we can explain to FIFA how unsatis-

five-day session in Kuala Lumpur on Saturday, will discuss next Wednesday how to protest the way FIFA made up the committee in October, Velappan said. "This is

serve on FIFA committees.

cal drop of 707 meters in 1 minute, 40.40 seconds for her first World Cup triumph. Lindh, who finished second in the downhill at the 1992 Olympics, was timed in 1:41.16 under sun-"I can't believe it, I've been

waiting a long time for this," said the 23-year-old Street. The reigning World Cup and Olympic downhill champion,

Cup downhill,

Katja Seizinger of Germany, finished third in 1:41,33. LAKE LOUISE, Alberta -Barbara Merlin of Italy was ver medalist Hilary Lindh gave fourth, in 1:41.51, followed by the United States a 1-2 finish compatriot Bibiana Perez in

Friday's downhill was the Street streaked down the first of two this weekend, a scheduling rarity caused by the the slalom canceled in Madonwarm weather that has forced the cancellation of races in Eu-

> The second women's downhill is scheduled for Saturday, with a super-giant slalom on Sunday.

> • For the first time in World Cup history, two slalom races will be raced in the evening, under floodlights. Organizers in the Italian Al-

pine resort of Sestriere an- peratures fell earlier this week. allowing the use of snow cannounced Friday that a men's slalom will be held at 6 P.M. nons. (1700 GMT) and 8.40 P.M. on

Monday. A women's slalom, with the same heat times, is scheduled for Sunday, Dec. 18. Monday's race makes up for na di Campiglio, ftaly. The women's slalom was originally scheduled for Veysoonaz,

Madonna and Veysonnaz could not hold the slaloms be-Sestriere had to give up the

men's giant slalom and slalom The next men's World Cup on Dec. 3-4. But the Italian reon Dec. 3-4. But the Italian re-races, a Super-G and a giant sort was able to prepare a statom, are scheduled for

# Italian star Alberto Tomba,

who got off to a sensational season start by winning the opening World Cup slalom in Tignes, France, last Sunday, shoots for a second consecutive victory on one of the courses he in the third.

champion has won five races in Sestriere, the host site for the World Ski Championships in

course for two slaloms as tem- Tignes this weekend.

# FIA Puts Argentina, Imola and Monza on Hold

Andre Agassi, down a break point, was hit with a penalty point for arguing a line call, then a 6-3, 1-6, 6-0 loss.

Street and Lindh Finish 1-2 in Downhill

The Associated Press

MONACO - The International Automobile Federation said Friday it will conduct a final inspection Jan. 22 to determine whether Argentina can host the opening Formula One Grand Prix race next season.

Friday in a women's World

2,639-meter course with a verti-

The race is tentatively scheduled at the Buenos Aires track

73 TV teaser

114 Nobelist Wiesel

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11 Put in stitches

12 Severely pan

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3 "Now!"

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on March 12, but the circuit has yet to win FIA approval. FIA's World Council also said it must receive confirma-

Grand Prix and at Monza for the Italian Grand Prix.

INTERCOLLEGIATE By Wayne Robert Williams

Jan. 31, for Monza March 31.

Last spring's race at Imola was marred by the deaths of two drivers, Roland Ratzention of required improvements Senna of Brazil.

cause of a lack of snow.

at Imola for the San Marino FIA confirmed that the European Grand Prix would be held Oct, 8 at the Nurburing The deadline for Imola is circuit in Germany. It last staged a Formula One race in 1985.

FIA President Max Mosley also received a report on the first six months' of work by a berger of Austria and Ayrton group of safety experts. Studies commissioned by the

group already have led to the development of a new energyabsorbing material for rear head restraints, the report said. It said work was taking place on neck restraints, airbags, energy-absorbing seats and possible changes to the cockpits of cars.

Tougher safety standards are being adopted for helmets and for the fire-resistance of driver

clothing. Since the group began its work in June, 11 Grand Prix circuits have been subjected to significant safety improvements, some of them "radical and operous," FIA said. It said further improvements are planned in 1995.

# **Larsson and Martin Gain Grand Slam Semifinals**

MUNICH - Magnus Larsson used a big a serve for a three-set victory Friday over second-ranked Andre Agassi, who came close to being disqualified from the Compaq Grand Slam Cup for swearing. Larsson's 6-3, 1-6, 6-0 victory

put the 19th-ranked Swede into the semifinals of the \$6 million tournament and earned him at least \$425,000. His opponent will be Todd

Martin, who defeated Sergi Bruguera, the French Open champion, 6-4, 7-6 (7-5). Agassi received a warning and was penalized a point when

he repeated the obscenity, giving Larsson a break and a 3-1 lead in the first set.
"I said it again but he wouldn't default me," Agassi said of the umpire, Mike Morri-

sev of Britain. On the next point, Agassi whacked a return that nearly knocked down the umpire's mi-

That was very unfortunate. wasn't it?" Agassi said, with more than a trace of sarcasm.

He did, however, profusely apologize to Morriscy. Larsson said he did not hear what Agassi said, "but obviously he said it, the umpire heard

"If he gets a warning that easy and the point penalty that easy and then he hits the ball at the umpire, of course, he should be defaulted."

Agassi had trouble not only with his temper. Larsson hit tremendous serves, one timed at 208 kph (125 mph), and had 12

Slowed by the a lingering cold, Agassi turned the match in the second set but collapsed

"I didn't have as much ener-The three-time Olympic gy as I wanted, he controlled most of the points," he said. "I felt I didn't pull myself

together until the second set. I was very, very mad, I was very The first obscenity was not

widely audible, and Agassi said he said it really to himself. What upset him was a call that ruled his first serve out.

"I said it under my breath. very much to myself. I said it again, I got really upset and got a point penalty. Then I said it again, but he wouldn't default me," Agassi said.

After a player is penalized a point for a code of conduct violation, the next breach should cause a default.

"He was very quick to give me a point penalty, but the same thing happened again and he wasn't so quick to default me," Agassi said.

He said that "I didn't want to be defaulted but it's kind of ironic that he will give me a penalty point but not default me."

"I don't think I should swear. My first choice is to be in complete control of myself. But there are times when the frus-

tration level is high. "I wish I could control myself better all the time. But that is not the reality. The reality is it happens. And because it happens, I don't think there should be as many microphones on the court."



Magnus Larsson added big money to a Davis Cup title.

#### **SIDELINES**

#### Penn State's Collins Wins Top Award

LAKE BUENA VISTA, Florida (AP) - Penn State senior Kerry Collins, who quarterbacked the nation's top scoring of-fense, has edged Colorado running back Rashaan Salaam for the Maxwell Award as the outstanding U.S. college football player.

Other award winners: Outland Trophy (interior lineman) -Zach Wiegert, Nebraska; Jim Thorpe (defensive back) — Chris Hudson, Colorado; Fred Biletnikoff (receiver) — Bobby Engram, Penn State.

Rich Brooks of Oregon, whose Ducks won their first Pac-10 title and Rose Bowl appearance since 1958, received the coach of the year award.

 Quarterback Dan Kendra III of Bethlehem Catholic in Pennsylvania, widely acclaimed as the high school player of the year, announced he will attend Penn State. He had been heavily recruited by Notre Dame, North Carolina, West Virginia, Syracuse. Wisconsin, Florida State and Penn State.

#### Blatter Decries 'Petty Bickering'

ZURICH (AP) - Praising the atmosphere of the 1994 World Cup as "the Sprit of America," FIFA's secretary general, Sepp Blatter, on Friday criticized players, referees, officials and jour-

nalists for "petty hickering" that is hindering soccer.

Writing in an editorial for the monthly FIFA newsletter, Blatter said soccer is being damaged by players who ignore fair play, badmannered officials, poor refereeing and biased media reporting.

"The World Cup final competition in the USA was a huge step forward in football and the progress we have achieved should not be undermined by petty bickering about offside, yellow cards and red cards or hy inconsistent refrees," Blatter wrote.

#### For the Record

Tottenham Hotspurs' six-point penalty and FA Cup ban, imposed by the FA over alleged financial irregularities, was lifted by the Independent Arbitration Tribunal; a fine of \$2.4 million was

Han Qing, the women's 400-meter hurdles champion who was one of 11 Chinese athletes to fail drug tests at the Asian Games in Japan, was suspended from competition for four years by the

Howard Johnson, who was a teammate of Darryl Strawberry's on the New York Mets, is also being investigated by the IRS for not declaring money made at promotional events.

Tyrone Willingham, a former Stanford assistant coach now with the Minnesota Vikings, was picked as the Cardinal's new coach, succeeding Bill Walsh. (AP)

#### *<u>Ouotable</u>*

• Ian Baker-Finch, the professional golfer, on signing a lot of autographs: "I wish my name was Tom Kite."

# 3 More Yachts Depart BOC Round-the-World Race

The Associated Press

CAPE TOWN — The grueling, round-the-world BOC Challenge yacht race has conquered three more sailors, officials said Friday.

Simone Bianchetti of Italy, competing for the first time in the single-handed race, withdrew after returning to Cape Town for a second time Friday to remedy keel problems aboard his Town of

Floyd Romack of the United States, another first-time competitor, was disqualified when he arrived in Cape Town on Thursday from Charleston, South Carolina, after spending 82 days at sea on the first leg of the race. Rules state that competitors must complete a leg within 30 days after the arrival time of the first boat in their class.

Neal Peterson of South Africa lost his mast in roaring winds and huge seas several hundred kilometers south of Port Elizabeth, South Africa, on Tuesday. He was trying to reach safety at Port Elizabeth after erecting a makeshift mast.

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Christophe Augin of France still led the pack, with countryman Jean Luc van den Heede and Steve Pettingili of the United States in hot pursuit. J.J Provoyeur of South Africa was fourth. An earlier casualty was France's Isa-elle Autissier, who had won the first leg.

Her mast was snapped Dec. 2. The sailors left Cape Town for Sydney on the second leg of the race on Nov. 27. After Sydney, the 27,000-mile (43,300kilometer) race continues to Punta del Este, Uruguay, before finishing in Charleston in the spring.

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13 Spanish poet Federico Garcia -14 Provide with 15 Word fight 16 Consumes 17 Not need

18 Like some suits 121 Chateaubriand 24 Micronesian 26 Paul Revere 32 Avenge

33 Hurry-hurry 34 Fringe group 37 Follow 38 Reques 4 Author Wallace 40 Oldtime

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50 Brilliam

62 Homer 65 Exclamation like "Phooey! 67 Proposal of 69 Like some jacks 72 Artist Chagall 74 Country singer

project 54 Old band

58 Stirup

55 Coagulable fluid

57 Gunstock wood

59 Says "No way!"

78 Thsi.e.g. 80 --- Today 81 "The Wizard of Oz" co-star 83 Ultrasmall photo 85 Gordon and 86 Board game like reversi 87 Chooses

89 How the Old Woman lived 90 Oodles 91 Words before a

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97 French palace

104 Actress Scacchi

-Соре

100 Confuse

102 Aunt -Book

101 Agreement

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#### DAVE BARRY

### A Mature Discussion

sex, as long as it's done in a mature and tasteful fashion without resorting to words such as "bazongas." Sex is a normal, healthy biological activity that occurs routinely among organisms in nature, especially monkeys, and there's no reason why we should be ashamed of our sexuality unless we are Senator Bob Packwood. I say this because today's column is going to be a frank and mature discussion of the recent scientific survey of American sexual behav-

IMPORTANT ADVISORY FROM THE EDITORS: In dealing with this topic, Mr. Barry will be forced to use certain frankly mature sexual phrascology so if you are a remotely moral person such as the Extremely Reverend Pat Robertson, you will stop reading this column right here and now. Thank you.

You probably read about the sex survey. Approximately 3,500 randomly selected Americans were asked detailed questions about their sexual behavior, and it turned out that 97 percent of them, within the previous year, had had sex with Madonna

No, I'm kidding. It was only 93 percent. But that was not the most surprising finding. The most surprising finding, which I am not making up, was that 54 percent of the men surveyed said they think about sex daily. That's correct: 54 percent.

What can we conclude from this? We can conclude that the other 46 percent of the men were lying. Because it is a known scientific fact that all men think about sex a minimum of all the time.

What about American women? According to the survey. only 19 percent of the women said they think about sex on a

MIAMI — There's nothing daily basis. So the question is, if the other 81 percent aren't thinking about sex, what ARE they thinking about? I've discussed this question with some guys I know, and the only topic we could come up with is: sports. We figure that when women get together in those so-called "women's groups," they're actually running fantasy football leagues, and the reason they don't invite us guys is they know we'd never remember when it was our turn to bring refreshments.

> The sex survey also produced some reassuring findings regarding the frequency with which Americans have sex. You get the impression, from the media, that this nation is just one big orgy; turn on the TV any night, you'll see naked glis-tening bodies thrusting toward each other (and that's just Dan Rather and Connie Chung). So you probably think that everybody else is more sexually active than you are. But the reassuring truth, according to the survey, is that some people are actually having LESS sex than you: Their names are Bud and Earlene Fiberhocker, and they are currently in full-body casts as a result of a trapeze-related mishap at a motel. Everybody else is having WAY more sex than you. And I include your

> spouse in that statement.
> NOTE FROM THE PUB-LISHER: Here at this newspaper we are dedicated to maintaining community standards as measured in gross advertising revenues, so if you were in any way offended by the frankness and maturity of this column, please send me a letter in writing, and I will send you, as a formal token of apology, a vid-cotape titled "Mr. Chuckletronsers Has a Big Night."
>
> And Reverend Robertson,

yours is already on the way. Knight-Ridder Newspapers

Jean Hugo: Fashionable Painter, Famous Name There were always peacocks at Fourques but Jean Hugo preferred to PARIS — Even late in life, Jean Hugo spotted "entrecôte Victor Hugo" on a menu in Nancy. Before that, and after, there were commemorations (in 1952 he celebrated the

150th anniversary of Victor Hugo's birth at the Hammer and Sickle Factory in Moscow) and windy quotations which he was too courteous to correct when, as often happened,

MARY BLUME they were wrong. And there were

Jean Hugo's own memories of growing up in a shrine, his great-grandfather's house in Guernsey.

There was also Verdun. The mark

of the Great War can be seen in the fact that Jean Hugo begins his memoirs in 1914, when he was 20, but neglects to say that he was awarded the Croix de Guerre, the Légion d'Honneur and the Distinguished Service Cross. (The memoirs, "Le Regard de la mémoire," and his "Carnets," have just been reissued by Actes Sud.)

From being a member of what was then called "les conquérants épuisés" or exhausted victors, he became, like many of those who had survived, an eager participant in the elegant jolli-ties of the 1920s and '30s, tail, charming, with the profile of a benign eagle. He cherished his great-grandfather's memory but was the first descendant to free himself of its burden, becoming a fashionable painter and designer in between-the-wars Paris.

"Papa was the first one not to live in Victor Hugo's shadow," says his daughter Marie, also a painter. "Grandpapa tried to write and everyone said how dare he? He tried to paint and everyone said how dare

In commemoration of Jean Hugo's centenary, an exhibition of his bright and limber paintings and drawings is on at the usually somber Victor Hugo museum in Paris, along with a show of World War I drawings at Blérancourt outside Paris. His first major retrospective will be held this June at Montpellier, near the Mas des Fourques, the estate that Jean Hugo inherited from his mother's family, who had owned it since the time of

draw the chickens or to imagine unithat he sought the reflection of the light of paradise in his bright and simple landscapes which Cyril Con-nolly described as "exquisite devotional lyrics to God and to nature" and which the American art historian Richard J. Wattenmaker says reflected Hugo's ideal 13th century, "an age of piety, contemplation and undistracted manual labor."

Picasso warned Hugo that he wasn't attending sufficiently to his glory, but Marie Hugo says he was a tranquil and joyous man who put his whole heart into everything he did painted plates, a view called "Mummers on the Green" for a Shakespeare exhibition in England, illustrations of countries he had never seen.

He painted landscapes on pebbles picked up on the Costa Brava and he decorated his second wife's cardboard pillboxes because he found them ugly. "He also painted empty loo-paper rolls and made them into pencil holders," Marie said.

He never studied painting but enjoyed a quiet vogue, bought by such eminent American collectors as Chester Dale, Robert Lehmann and Alfred Barnes, who told Hugo in 1931 that he had hung him above a Veronese. By the time Wattenmaker, now the leading Hugo expert and the director of the Smithsonian's Archives of American can Art, came on Hugo in the Barnes collection as a student in 1959, there were 11 Hugos hanging next to Ma-tisse, Rousseau and Cezanne.

Still, the most immediately appealing work is Hugo's set and costume designs, evocative of a period when trivolity - which has been described as play at its most evolved -- reigned in Paris, reaching its most refined expression in the costume balls which Jean Hugo and his first wife, Valentine, attended and designed.

Hugo met Valentine Gross, a swan-necked designer and ornament of le tout Paris, while on leave in 1917. Her dining room walls were tar-papered and she had rattan chairs covered in stars and stripes cut from an American flag. Her friends included Diaghi-



Jean Hugo's costume design for "La Belle Excentrique" (1921).

lev, Cocteau, Stravinsky, Poulenc and Proust who actually broke off a conversation with a duke to chat briefly with her at a carty. Jean and Valentine were married in 1919, with Cocteau

and Satie as her witnesses.

Jean Hugo was modest about his gifts as a theater designer - he recalled that he neglected to get the proportions of a billiard table right for a play by Radiguet and later for even more work than a theatrical pro-

punishable by a maximum fine of \$200 or

30 days in prison. Brown is already on

probation for aggravated assault and for

failing to stop for a police officer.

Eiffel" and a highly praised "Romeo and Juliet," for which the costumes were hand-painted by Valentine. And then there were the costume balls, most of them given by Count

Carl Dreyer's film, "The Passion of

Joan of Arc," he designed chairs that

wouldn't stand - but he designed

Coctean's "Les Mariés de la Tour

duction and eternalized, in so far as it was possible, the ephemeral. Guests rehearsed endlessly and made entrances to aubades specially composed by Auric or Poulenc. Marie-Laure de Nonilles had a pair of greyhounds sent from England for one ball and at the 1922 Bal des Jeux, which Valentine attended as a merry-go-round and Jean as a game of billiards, he noted, We missed Princess Soutzo as a Christmas tree but were able to watch the entrances of Chess, Dominos, Hopscotch and Marionettes,"

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For the Beaumonts' Bal de la Mer Jean, in a waiter's outfit borrowed from Prunier's, helped bear the tray on which reposed the Maharani of Kapurthala as Caviar. He had had too much to drink and nearly dropped her. "In India he would have been put to death at once," the majarajah observed from the sidelines.

Jean and Valentine led brilliant but separate and childless lives. She was drawn to Surrealism, he to Catholicism (talking to Carmel Snow of Harper's Bazaar about a commission he kept thinking of Mount Carmel). He was baptized by the most fashionable priest in Paris, Abbé Mugnier, and withdrew definitively to the Mas de Fourques.

Divorced, in 1948 he married Lauretta Hope-Nicholson and they rapidly had seven children. He went to Mass daily and read the bible in Latin, Hebrew and Greek. He abandoned costume and theatrical design to concentrate on painting, serene and sweet-natured in his polka dot shirts, dark ties and three-piece tweed Savile Row suits. He used a monocle because he said it was less fiddly than searching for his spectacles and a quill pen because he said it produced handsomer writing.

In 1982, he noted that to his weakened eyes the Christmas moon was a triple crescent. The fanciful creatures of his earlier landscapes deserted him: "No more unicorns, no more centaurs. . . . I must find something else." in May 1984, Hugo, who was fascinated by words, wrote that he had been diagnosed as having "artérite périphérique — like the new boulevard in Paris." The next month, aged 90, he was dead.

#### WEATHER

Forecast for Sunday through Tuesday, as provided by Accu-Weather Europe North America

methly dry and seasonable Sundey through Tuesday. Chicago will be seasonably cool and mainly dry through Tuesday. A storm will cresh into the Pacitic Northwest

Africa

Europe
The United Kingdom and much of Scandingvia will be windy Surday through Tuesday. There will be a period of rain in London and Oalo. Parls and Madrid will be mainly dry through the pension of with above-normal temperatures. Moscow will be child with above-normal temperatures. Moscow will be child with anow showers.

W High any birthday interviews.

North America

#### PEOPLE

S HE was expected to bring a new, more open style to Japan's conservative im-The filmmaker Francis Ford Coppola has become a California wine baron. He perial household but so far Crown Princess bought the Inglenook Winery châtean in Masako, who turned 31 on Friday, has California's Napa Valley for \$9 million from the beverage giant Heublein Inc. But he doesn't get the brand name. The Ingleretreated behind the palace walls. Since marrying the beir to the throne Crown Prince Naruhito last year, the Westernnook brand name was sold earlier this educated princess has been a model of year. Coppola already owns the Niebaumdemure traditionalism. She celebrated her Coppola Estate Winery next door. birthday by lunching with Prince Naruhito, the palace said, and refused to grant

James Brown, 61, the Godfather of Soul, is facing the law again on charges that he beat his wife. Brown turned himself in to the police in Aiken, South Carolina, after an arrest warrant was issued charging him with shoving his wife, Adrienne, during an argument. The police said she suffered a cut on ber lip when she fell. Brown was released after paying a cash bond. The misdemeanor domestic violence charge is

Bob Hope's wife. Dolores, couldn't stop him so she decided to join him in making their first full-length Christmas album, "Hopes for the Holidays." The hodgepodge of yuletide tunes gives Mrs. Hope, 85, a chance to show off her singing. She was a vaudeville performer before she met Hope. "It's a sentimental thing," the 91year-old Hope said.

Major Andrew Parker-Bowles, 55, the usually silent husband of Prince Charles's supposed mistress, Camilla Parker-Bowles finally spoke out at a ceremony at the Horse Guards barracks in Whitehall to mark his retirement as an army officer. Asked about his plans for the future, the major said: "Things can only get better, can't they?"



Arnold Schwarzenegger in Rome atthe Historicum Center on Friday to present his film "Junior."

Your stomach's growling Mother Nature's calling. Your flight's boarding Plenty of time to make, say ten calls.

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